



# LEON CENTRAL APPRAISAL DISTRICT

## JEFF BESHEARS, CHIEF APPRAISER

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## How is my property Appraised?

As per the Texas Property Tax Code, all property located within the confines of Leon County is re-appraised at least once every three years. At least once during the three year period an appraiser from the Leon Central Appraisal District will visit and inspect each property in the district. It is during the visit and inspection that the appraiser will review the property with regards to the physical makeup of the property. This will include the physical aspects of the property (size, age, condition). During the visit, the appraisers will double check to make sure that all structural improvements are on the current appraisal roll. If structural improvements are missing, the missing improvements will be added to the roll as per the provisions of the Texas Property Tax Code. In addition, improvements that need to be added that have been on the property for more than one year, but not on the appraisal roll, will be "back-assessed" as omitted property as per section 25.25 (B) of the Texas State Property Tax Code.

Physical inspections of structural improvements are limited to exterior inspections. At no time will a Leon Central Appraisal District Appraiser inspect the interior of the improvements unless the owner of the structure insists that it be done to identify a possible problem with the structure, or to determine the percentage complete of an incomplete building.

By utilizing the physical facts of your property, the appraiser will determine the market value of a property, as of January 1<sup>st</sup> of that year. There are three basic approaches to value that the appraiser may consider; The Sale Comparison/market Approach, the Cost Approach and the Income Approach.

The Central Appraisal District (CAD) utilizes the mass appraisal approach to value. This approach is the approach utilized by appraisal districts when valuing a large population of similar type of properties. The appraisers utilize similar characteristics of each type of property for each approach to value when determining the value of a property.

**COST APPROACH** – This approach is based on the theory that the value is equal to the cost to replace the existing improvements on land of similar cost and utility. Under this approach, an estimate of land value is made, and to this is added the depreciated cost of the improvements. The total together represents the market value via the Cost Approach. The depreciated cost of the improvements is typically equal to the cost new of the improvements, less any accrued depreciation. A critical factor involved in this method is to accurately reflect the land value of the site as vacant land, and to also estimate the effective age of the existing improvements.

**INCOME APPROACH** – This method is preferred when appraising an income-producing property. This approach determines value through analysis of income and expenses to determine market value. Consideration is given for operating expenses, maintenance costs, and the return (or profit) that could be reasonably expected on the property.

**SALES COMPARISON APPROACH** – In order to determine the value of your property, the appraisal district must first know what properties have sold, and how much they are selling for in today's market. By maintaining a database of real estate transactions; we can arrive at the property value by studying sales of comparable properties.

**MASS APPRAISAL** – There are basically only two kinds of appraisals: fee appraisal and mass appraisal. Both types of appraisals utilize the same basic appraisal principles and theories. A fee appraisal utilizes the three methods discussed above but with only one parcel of property being valued. Mass appraisal values the entire county where market areas, neighborhood, subdivisions, and large groupings of similar properties are appraised at one time by adopted standards.

**How do you appraise oil and gas properties?** Oil and gas properties are a little more complex than real estate. That is why the appraisal district contracts the appraisal of all of the oil/gas properties in the county to a well-recognized firm that specializes in the appraisal of oil/gas properties. Pritchard and Abbott, Inc., is located in Henderson, Texas, and may be reached at 903-657-2555. The appraisal of this type of property deals with the average price of the product for the last year, an economic adjustment by the Texas State Comptroller and the amount of reserves anticipated to be produced over the life of the well. More detailed information on the appraisal of oil and gas properties may be ascertained from Pritchard and Abbott, Inc., at the number above.

**“I am upset with the value my property has been assigned”** If you are unhappy with your value, there is an administrative remedy for you. We would suggest that you first contact the CAD and ask to speak with an appraiser. Discuss your issues with the appraiser and see if you qualify for any adjustments, or if you can get all of your questions answered. If you are still not satisfied at this point, you may then file a timely written protest within 30 days of receiving your Notice of Appraised Value. You will be scheduled for a hearing before the Appraisal Review Board (ARB). The ARB is an independent body of taxpayers that are appointed to hear disputes between the CAD and taxpayers. Decisions from the ARB may be appealed to district court for litigation.

**How Often Can Market Value Change?** Values can change yearly. The CAD maintains sales of similar properties and reviews those sales each year in order to maintain a value that is similar to the most reasonable sales price in the market for those properties. Values typically increase as the market for property increases. However, sometimes values will remain constant over a period of time without any increase. Value changes can be volatile if the market shows accelerated growth and development. Values are only legislated to equal market value and there is no provisions for limiting market value increases.

**Market Value and Taxable Value – What is the difference?** Market value is the value that is the most reasonable sales price a willing buyer would pay a willing seller in a market where all things about the property are known by both. On the other hand, taxable value is the value that is utilized to calculate the appropriate “Ad Valorum” taxes on your property. Ad Valorum is a Latin term that means, “according to value” There is a difference; taxable value is market value less any applicable exemptions or special valuations. For instance, a homestead exemption or a 1-d-1 Open Space Valuation (ag exemption) would change the taxable value to be something less than market value.

There are many different types of exemptions and or special valuations that are available to taxpayers. If you would like to discuss the possibility of acquiring a legally qualifying exemption of special valuation on your property, do not hesitate to call the Leon CAD at (903) 536–2252, or by emailing them at [leoncentral@windstream.net](mailto:leoncentral@windstream.net). You may also visit our website, or contact us at the address below:

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