

# HANSFORD APPRAISAL DISTRICT

## 2024 SUMMARY REPORT

### INTRODUCTION

#### **Purpose**

The purpose of this report is to better inform the property owners within the boundaries of the Hansford County Appraisal District (HCAD) and to comply with Standards Rule 6-7 of Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2024. Standards Rule 6-7 addresses a written summary report of a mass appraisal for ad valorem taxation. Mass appraisal is the process of valuing a group of properties as of a given date, using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised values is to establish a tax base upon which a property tax will be levied. Each taxing unit within HCAD boundaries will use the appraised values for ad valorem tax purposes only.

The purpose of the appraisals performed by HCAD estimate market value on January 1 of each year (as defined by the Texas Property Tax Code Sec. 1.04) on all taxable property within the boundaries of HCAD, "Market Value" is defined by Sec. 1.04 as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if -

- (A) Exposed for sale in the open market with a reasonable time for the seller to find a purchaser.
- (B) Both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) Both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

#### **Responsibilities**

The appraisal district is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes. HCAD serves the public and ten taxing entities in Hansford County. Taxing entities in Hansford County are composing of four school districts, two cities, the county, the hospital district, and two special districts North Plains Water District and Palo Duro River Authority. The appraisal district also has three school districts that extend into three neighboring counties, Ochiltree, Hutchinson, and Sherman.

The appraisal district certified a total of 16,122 parcels with a total taxable value of \$1,352,961,963 for 2024. The following are those parcels and the values by property type:

|        |                                       |        |               |
|--------|---------------------------------------|--------|---------------|
| A.     | Real: residential, single family      | 1939   | 194,765,548   |
| B.     | Real: residential, multi-family       | 18     | 2,236,110     |
| C.     | Real: Vacant lots/tracts              | 418    | 958,865       |
| D1.    | Real: Qualified AG land               | 2177   | 86,883,058    |
| D2.    | Real: Non-qualified AG land           | 424    | 24,105,174    |
| E.     | Real: Farm and ranch improvements     | 467    | 32,492,235    |
| F1.    | Real: Commercial                      | 375    | 30,054,586    |
| F2.    | Real: Industrial                      | 121    | 681,960,777   |
| G1.    | Real: Mineral oil & gas               | 6,969  | 50,013,823    |
| J.     | Real and tangible personal: utilities | 446    | 166,493,257   |
| L1.    | Personal: Commercial & Industrial     | 201    | 12,026,039    |
| L2.    | Personal: Industrial – Wind Turbines  | 687    | 66,535,734    |
| M1.    | Mobile Homes                          | 129    | 2,043,812     |
| S.     | Special Inventory                     | 7      | 2,392,945     |
| Totals |                                       | 14,378 | 1,352,961,963 |

**PROPERTY TAX ASSISTANCE DIVISION PROPERTY CLASSIFICATION GUIDE**

| Code | Category Name                                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A    | Real Property: Single-Family Residential          | Houses, condominiums and mobile homes located on land owned by the occupant.                                                                                                                                                                                                                                                                                                                                                |
| B    | Real Property: Multi-Family Residential           | Residential structures containing two or more dwelling units belonging to one owner. Includes apartments but not motels or hotels.                                                                                                                                                                                                                                                                                          |
| C    | Real Property: Vacant Lots and Tracts             | Unimproved land parcels usually located within or adjacent to cities with no minimum or maximum size requirements.                                                                                                                                                                                                                                                                                                          |
| D1   | Real Property: Qualified Agricultural Land        | All acreage qualified for productivity valuation under Texas Constitution, Article VIII, 1-d or 1-d-1.                                                                                                                                                                                                                                                                                                                      |
| D2   | Real Property: Non-Qualified Land                 | Acreage that is not qualified for productivity valuation and is rural in nature.                                                                                                                                                                                                                                                                                                                                            |
| E    | Real Property: Farm and Ranch Improvements        | Improvements associated with land reported as Category D property, including all houses, barns, sheds, silos, garages, other improvements associated with farming or ranching and land separated from a larger tract for residential purposes.                                                                                                                                                                              |
| F1   | Real Property: Commercial                         | Land and improvements devoted to sales, entertainment or services to the public. Does not include utility property, which is included in Category J.                                                                                                                                                                                                                                                                        |
| F2   | Real Property: Industrial                         | Land and improvements devoted to the development, manufacturing, fabrication, processing or storage of a product, except for utility property included in Category J.                                                                                                                                                                                                                                                       |
| G    | Oil, Gas and Other Minerals                       | Producing and non-producing wells, all other minerals and mineral interests and equipment used to bring the oil and gas to the surface, not including surface rights.                                                                                                                                                                                                                                                       |
| H    | Tangible Personal Property: Non-business Vehicles | Privately owned automobiles, motorcycles, and light trucks not used to produce income.                                                                                                                                                                                                                                                                                                                                      |
| J    | Real and Personal Property: Utilities             | All real and tangible personal property of railroads, pipelines, electric companies, and other utility companies.                                                                                                                                                                                                                                                                                                           |
| L1   | Personal Property: Commercial                     | All tangible personal property used by a commercial business to produce income, including fixtures, equipment and inventory.                                                                                                                                                                                                                                                                                                |
| L2   | Personal Property: Industrial Wind Turbines       | All tangible personal property used by an industrial business to produce income, including fixtures, equipment, wind turbines and inventory.                                                                                                                                                                                                                                                                                |
| M    | Mobile Homes and Other Tangible Personal Property | Taxable personal property not included in other categories, such as mobile homes on land owned by someone else. It also may include privately owned aircraft, boats, travel trailers, motor homes and mobile homes on rented or leased land.                                                                                                                                                                                |
| N    | Intangible Personal Property                      | All taxable intangible property not otherwise classified.                                                                                                                                                                                                                                                                                                                                                                   |
| O    | Real Property: Residential Inventory              | Residential real property inventory held for sale and appraised as provided by Tax Code Section 23.12                                                                                                                                                                                                                                                                                                                       |
| S    | Special Inventory                                 | Certain property inventories of businesses that provide items for sale to the public. State law requires the appraisal district to appraise these inventory items based on business's total annual sales in the prior tax year. Category S properties include dealers' motor vehicle inventory, dealers' heavy equipment inventory, dealers' vessel and outboard motor inventory and retail manufactured housing inventory. |

### **Organizational Structure**

The Hansford County Appraisal District was created by the Texas Legislature. HCAD appraises property for ten entities in Hansford County, Texas. HCAD is a political subdivision of the State of Texas. The appraisal district is governed by a seven-member board of directors, six of which are appointed by the voting entities in the county, and one non voting member (Hansford County Assessor/Collector) created by the 75<sup>th</sup> Texas Legislature. The board appoints the chief appraiser who serves at the pleasure of the board. The board also approves the budget and sets policy. The chief appraiser is the chief administrator of the appraisal district and may employ and compensate professional, clerical, and other personnel as provided by the budget. The chief appraiser may delegate authority to his/her employees.

### **Education**

All appraisers are required to be registered with the Texas Board of Tax Professional Examiners (BTPE). The BTPE registration requires that each appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass review exams at levels three and four of the certification programs. After successfully completing the required curriculum and approval of a demonstration appraisal, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of at least sixty hours of continuing education units every five years in order to re-certify the RPA designation. HCAD currently has two RPAs on staff. The HCAD appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work, and continuing education.

### **Philosophy Statement**

The Hansford County Appraisal District believes that the most important asset of the District is its people. Every employee is important and deserves to be treated fairly with consideration and respect. HCAD believes in providing good working condition, a safe, clean, and friendly work place to help each employee do his or her job effectively. We also believe that every employee has an obligation to develop his or her talents to the fullest.

The Hansford County Appraisal District exists for the purpose of providing services to the property owners and taxing units within our jurisdiction. It is important that we recognize our responsibility to provide quality services on a cost-effective basis. Every property owner should be approached in a respectful, positive and friendly manner. Property owners should be assisted in a timely and courteous fashion. HCAD employees have an obligation as public servants to promote goodwill toward all property owners, not only in manner but by example.

Because of the nature of our work, not every property owner will be pleased with the outcome of their contact with HCAD. What is important is that everyone who comes in contact with our office should have a reason to feel they were handled in a fair and equitable manner by a knowledgeable and qualified person.

### **Assumptions and Limiting Conditions**

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony of attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Hansford County Appraisal District.
4. All properties are appraised in fee simple interest in accordance with Texas Property Tax Code Sec 25.06 (Jurisdictional Exception to Standards Rule 6-4 (c) and 6-5(c) of USPAP)
5. All sketches in the appraisal records are intended to be visual aids with rounded measurements and should not be constructed as surveys or engineering reports, etc.
6. All information in the appraisal records is obtained by members of the appraisal district's staff or other reliable sources.
7. The appraisal staff has inspected, as permitted, by observation, the land and the improvements thereon-however, it is not possible to personally observe conditions beneath the soil or bidden structural components within the improvements. Therefore, no representations are made as to these matters unless specifically considered in an individual appraisal.
8. All interior inspections are performed at the property owners request by appointment. All other inspections performed are external and assume the quality, condition, and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.
9. Agricultural land is appraised at market value using a market data model based on market sales information. However, it may also be subject to appraisal using an income model specified in Sec. 23, Sub-chapters C, D, and E of the Texas Property Tax Code. (Jurisdictional Exception to 6-4 (b) of USPAP)
10. Subsurface rights (mineral and oil) are not considered in making these appraisals.
11. The highest and best use of property is defined as the most reasonable and probable use of the land that will generate the highest return to the property over a period of time. This use must be legal, physically possible, economically feasible, and the most profitable of the potential uses. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

The Hansford Appraisal District is required to keep written procedures to apply homestead capped values. The date of appraisal is tracked via the appraisal cards. District personnel enter updated data each year to consider if the following criteria affects the qualified properties.

### **What is a homestead cap value?**

Cap value applies to residential homestead only. If this property is your residence homestead, the appraised value may not exceed the lesser of:

1. The market value of the property, or
2. The sum of –
  1. 10 percent of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised.
  2. The appraised value of the property for the last year in which the property was appraised; and
  3. The market value of all new improvements to the property.

## **Single-Family Residences 2024 Summary Report**

### **Overview**

Single-family residences consist of all land and real property improvements that by the nature of their design and/or construction are suitable for single-family use only. This includes manufactured homes that are classified as real property when the owner of the land is also the owner of the manufactured home and personal property when the owner of the manufactured home does not own the land.

### **Assumptions and Limiting Conditions**

The appraisal completed by HCAD for single-family residences are subject to the following assumptions and limiting conditions:

1. The Hansford County Appraisal District staff and contracted appraisers have physically inspected all single-family residences within its jurisdiction and normally re-inspect these properties on a three-year rotating basis by school district. Interior inspections have not been done on a majority of the properties in the jurisdiction because (1) most residential owners are not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in questions, and (4) respect for privacy rights of the property owner should be exercised.
2. The opinion of value for each single-family property applies to land and improvement only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as in improvement is a manufactured home where the owner of the home does not own the land. See Sec. 11.14(a) of the Texas Property Tax Code.
3. Residential real property inventory as defined by the Texas Property Tax Code in Sec. 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would

continue the business. (Jurisdictional Exception to Standards Rule 6-5(d) of USPAP)

4. Single-family qualified properties used to provide affordable housing are appraised to comply with Sec. 23-22 of the Texas Property Tax Code. (Jurisdictional Exception to Standards Rule 6-4(b) of USPAP)
5. The Hansford County Appraisal District staff and contracted appraisers have physically inspected all single-family residences within its jurisdiction and normally re-inspect these properties on a three-year rotating basis by school district. Interior inspections have not been done on a majority of the properties in the jurisdiction because (1) most residential owners are not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in questions, and (4) respect for privacy rights of the property owner should be exercised.
6. The opinion of value for each single-family property applies to land and improvement only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as in improvement is a manufactured home where the owner of the home does not own the land. See Sec. 11.14(a) of the Texas Property Tax Code.
7. Residential real property inventory as defined by the Texas Property Tax Code in Sec. 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would continue the business. (Jurisdictional Exception to Standards Rule 6-5(d) of USPAP)
8. Single-family qualified properties used to provide affordable housing are appraised to comply with Sec. 23-22 of the Texas Property Tax Code. (Jurisdictional Exception to Standards Rule 6-4(b) of USPAP)

### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by HCAD.

Property-specific data is collected as a part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measures and classified. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. Data on individual properties is verified through previously existing records, published reports, building permits, analysis of comparable properties, and through submission by the property owner. Appraisal cards are available for review at the appraisal district office.

Data pertaining to a class of properties is grouped together according to the differing quality levels, and then used to develop valuation models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, local contractors, new construction permits, mechanics liens, reliable source of new property sales, and from renditions submitted by owners. All local information is used to verify, supplement or modify costs from these published sources. Renditions are confidential submission by property owners and cannot be used for other properties; however, data from renditions may be compared with data obtained from cost manuals to test their accuracy.

Market sales information is collected through a variety of sources including surveys of buyer and sellers, deed record, and from local real estate professionals.

### **Valuation Approach and Analysis**

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available.

Land values are based on selling prices for the appropriate highest and best use of the site, and as though it was vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is a statement of opinion, not a statement of fact.

### **Review and Testing**

Field review of appraisal is performed through the regular inspection of subject properties. Ratio studies are preferred method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used. Appraisers perform ratio studies annually.

Performance is also measured through comparison with valid single-property appraisal submitted for staff review. Appraisal results are also tested annually by the Property Tax Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Division.



## **Multi-Family Properties 2024 Summary Report**

### **Overview**

Multi-family properties with sites in this district are appraised at market value as previously defined.

### **Assumptions and Limiting Conditions**

The appraised value derived is subject to the following assumptions and limiting conditions:

1. For multi-family properties only, the market value states is for land, improvements and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. The Hansford County Appraisal District's staff and contracted appraisers have physically inspected all apartment complexes and duplex properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties every three years.
3. For multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code Sec. 23.22 (Jurisdictional exception to Standard 6-2(d) of USPAP)

### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular property of class that has been predefined by HCAD.

The property appraised has multi-family use. This classification of properties includes apartment complexes and duplex properties. Properties of this classification are discovered and their characteristics recorded during field inspections, investigation of building permits issued through political entities, and investigation of mechanical liens recorded with the county clerk. Geographically, these properties are located throughout the county.

Specific property data is collected at the time of inspection or re-inspection and through submissions by property owners. Characteristics of a specific property's physical improvements and amenities are recorded and stored electronically and may be printed on an appraisal card(s). Appraisal cards are available for review at the district office.

Sales data is taken from deed records, local real estate professionals, written appraisal reports, and telephone contact with principals. Sales are validated with the principals when possible. Sales data for properties is account-specific and retained electronically.

General market data is gathered from multiple sources. Environmental, economic, political, and social influences vary geographically and by property use. Neighborhoods have been delineated to reflect comparative classification in the inspection process. Duplexes are classed in compliance with predefined classing criteria.

### **Valuation Approach and Analysis**

Based on the principal of substitution, land values are determined by selling prices of similarly positioned functional tracts. Sites are analyzed for highest and best use as though they were vacant. Highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

A value per unit is charted and stratified by neighborhood and comparative class. A sales value per unit is also charted by neighborhood and comparative class for recent sales. Acceptable ranges of value are established for these comparative units. Preliminary property values are adjusted to meet with agreed ranges and then unique property considerations are addressed. Appropriateness of neighborhood boundaries results of the performance measure used indicates the validity of appraisal models.

Preliminary values are reviewed in consideration of classification and neighborhood. Value indications are compared to renditions and valid single property appraisal submitted for staff review. The appraiser reviews the appraisal report to confirm and verify data as would be done with a sale. Final value recommendations are tested for reasonableness by performing a sales ratio study and, individually, during the appeal process. During the appeal process, property specific income and expense are reviewed for reasonableness and values are adjusted as necessary.

Appraisal results are tested annually by the Property Tax Division of the Comptroller of Public Accounts for the State of Texas. Appraisal methods and procedures are also reviewed by the Property Tax Division.

### **Review and Testing**

Field review of appraisal is performed through the regular inspection of subject properties. Ratio studies are preferred method for measuring performance. The results of the performance measures used indicated the validity of the appraisal models used. Appraisers perform ratio studies annually.

Performance is also measured through comparison with valid single-property appraisal submitted for staff review.

Hansford County Appraisal District contracts with the Pritchard & Abbott, Inc for. annual reappraisal of real property in the multi-family property types.

## **Commercial Property 2024 Summary Report**

### **Overview**

This type of property consists of all land and improvements in Hansford County that are classed F1 commercial according to the properties highest and best use.

### **Assumptions and Limiting Conditions**

The appraisals completed by HCAD are subject to the following assumptions and limiting conditions:

1. The opinion of value for each property applies to land and improvement only. The value of trade fixtures, furnishing and other equipment has not been included with the value of the real estate.
2. The Hansford County Appraisal District's staff and contracted appraisers have physically inspected all properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually. Complete interior inspections have not been done on a majority of the properties.

### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular property class that has been defined by HCAD.

Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measures and classified. Properties are classified according to construction type and quality. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. The data includes legal description, sites, owner address, parcel number, and the property-specific information such as class, quality, measurements, condition, etc. Data on individual property is verified through previously existing records, published articles and reports, building permits, mechanics liens, analysis of comparable properties, and through information obtained from the property owner. Appraisal cards are available for review at the appraisal district office.

Data pertaining to a class of properties is used to develop valuation models for that property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, as well as from new construction permits, mechanics liens, local contractors, reliable sources of sales on new property, and renditions submitted by the property owners. Cost information on newly constructed improvements is also used to verify and/or modify costs from published sources. Renditions are confidential submissions by property owners and cannot be sued for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy.

Market sales information is collected through surveys of buyers and sellers in addition to public records.

### **Valuation and Analysis**

Land values are based on selling prices for the appropriate highest and best use of the site analyzes ad though vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

Improvements are valued using replacement/reproduction cost new less depreciation. Cost tables are constructed using published sources as a guide and adjustments are applied using local market information. Adjustments are also applied for functional an economic obsolescence if utilization, sales and income information warrant. An income approach is used when economic and/or subject property income information is available. A market data model based on typical selling prices per unit of similar properties is used when sufficient information is available.

The cost approach to value is most accurate and reliable when appraising new construction. In older areas or areas of transition, cost is calculated and considered. However due to the difficulty of measuring accrued depreciation, more weight is applied to the market and income approaches.

### **Review and Testing**

Field review of appraisal is performed through the regular inspection of subject properties. Although the ratio study is preferred method of measuring performance, single property appraisal submitted to the appraisal staff are also reviewed for appraisal accuracy. Appraisal results are also tested annually by the Property Tax Division of the Texas Comptroller's office. Appraisal methods and procedures are also reviewed by the Property Tax Division.

Hansford County Appraisal District contracts with the Pritchard & Abbott, Inc for. annual reappraisal of real property in the commercial and industrial property types.

Hansford County Appraisal District also contracts with Prichard & Abbott, Inc. for annual reappraisal of all mineral properties within the Hansford Appraisal District.

## **Business Personal Property 2024 Summary Report**

### **Overview**

Business personal property is the tangible personal property owned by a business or by an individual for the purpose of producing income. Other tangible personal property is exempt according to Sec. 11-14(a) of the Texas Property Tax Code.

### **Assumptions and Limiting Conditions**

The appraisals completed by HCAD are subject to the following assumptions and limiting conditions:

The Hansford County Appraisal District's staff and contracted appraisers have inspected all properties within its jurisdiction and compares renditions and the Comptrollers list of active businesses report on these properties annually.

### **Data Collection and Validation**

Data on new and existing business is collected through personal inspection, newspaper articles, government reports, comparison to like businesses, renditions and other confidential information supplied by the owner.

### **Valuation Approach and Analysis**

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable, and tangible objects that are considered by the general public to be personal, e.g., furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate." The Texas Property Tax Code Section 1.04(5) defines tangible personal property as "...personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value." The Texas Property Tax Code Section 1.04(4) defines personal property as "...property that is not real."

The purpose of the appraisals of business personal property is to estimate market value on January 1 of each year as previously defined in the introduction. A separate definition of market value for inventory is found in the Texas Property Tax Code Sec. 23.12(a)...the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business." The Texas Property Tax Code sets forth three (3) ways in which inventory may be valued if the requirements are met:

1. Sec 23.12(f) allows some inventories to qualify for appraisal as of September 1 of the year before January 1 of the taxable year.
2. Sec 23.121, 23.127, 23.1241 and 23.12D dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing, and heavy equipment be valued differently. (Jurisdictional exception to Standard Rule 6-3 (b) 7(c))

3. Sec 23.12(a) covers the inventories of remaining businesses.

Personal property is appraised using original cost less depreciation models. Deprecation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers.

Adjustments for functional and economic obsolescence may be made if utilization for the subject property justifies such. In the case of some personal property types, such as licensed vehicles and aircraft, market data from published pricing guides is used to construct a market value model. In other cases, models are based on quality and density information available through published sources or through private sources. These models are cost based.

### **Review and Testing**

Field review of appraisals is performed through the inspection of subject properties.

Sales for most types of personal property are infrequent. Furthermore, many market transactions occur for multiple sites and include real and personal property, tangible and intangible, thereby making analysis difficult, subjective, and inadequate to develop a statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is also measured through comparison with valid single-property appraisals submitted to staff review. HCAD's appraisal methods and procedures and values are subject to review by the Property Tax Division of the Texas Comptroller's Office. The results of this review indicate the validity of the models and calibration techniques employed by HCAD.

### **Certification**

I certify that to the best of my knowledge and belief –

- The Statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is the appraisal staff's persona, unbiased professional analyses, opinion, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on the reporting of a predetermined value, or direction in value, that favors the cause of the client the amount of the value estimate, the attainment of a stipulated result of the occurrence of a subsequent event.
- My analysis, opinion, and conclusions were developed, and this report has been prepared in conformity with that Uniform Standards of Professional Appraisal Practice.
- Personal inspections are made by the HCAD appraisal staff and contracted appraisers.

- Persons providing significant professional assistance to the person signing this report are listed below.



Brandi Thompson, Chief Appraiser

RECEIVED

RECEIVED

RECEIVED