Brazoria County Appraisal District

2018/2019 Reappraisal Plan

Our mission as public servants is to demand excellence in the services provided to the taxpayers and taxing jurisdictions of Brazoria County. The district's goal is to efficiently and timely produce an accurate, complete and equitable appraisal roll. The intent of the policies and procedures of the district is to bring about the highest possible degree of understanding, cooperation, dependability, flexibility and functionality which managing critical data in dynamic situations

RESOLUTION NO. 2018-2019

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BRAZORIA COUNTY APPRAISAL DISTRICT APPROVING AND ADOPTING THE 2018-2019 REAPPRAISAL PLAN

WHEREAS, the Texas Tax Code obligates the Board of Directors of the Brazoria County Appraisal District to adopt a written plan for the periodic reappraisal of all properties within the district's boundaries; and

WHEREAS, Texas Tax Code, Section 6.05 expressly requires the Board of Directors to complete all hearings, amendments, and resolutions necessary for the plan's adoption no later than September 15th of each eligible year; and

WHEREAS, the Board of Directors believes the adoption of the proposed reappraisal plan as submitted for years 2018-2019 is in the interest of the public;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Board of Directors of the Brazoria County Appraisal District hereby adopts the attached 2017-2018 reappraisal plan as submitted to be implemented by the Brazoria County Appraisal District.

PASSED, APPROVED, AND ADOPTED this the 11th day of September 2018.

Glenn W. Salyer
Chairman, Board of Directors
Brazoria County Appraisal District

ATTEST:

Gail Robinson
Vice-Chairman, Board of Directors
Brazoria County Appraisal District

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PREAMBLE

The Brazoria County Appraisal District (BCAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A member board of directors, appointed by the taxing units within the boundaries of Brazoria County, constitutes the district's governing body. The chief appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district. Currently the chief appraiser reports to the following board of directors:

Title	Member
Chairperson	Glenn W. Salyer
Vice-Chairperson	Gail Robinson
Secretary	Rubye Jo Knight
Member	Tommy King
Member	Susan Spoor
Tax Assessor-Collector	Ro'Vin Garrett

Appraisal districts are political subdivisions of the state and are responsible for appraising all property subject to taxation in Texas. Unless otherwise provided by law, appraised values are required to represent market value as of January 1st of each year. In addition, appraisal districts are required to reappraise all property at least once every three years, but may have to reappraise more often to ensure that values represent market value as of January 1 each year. *It has been the practice of the Brazoria County Appraisal District to annually reappraise the market value of all properties in our district.*

The appraisal district is responsible for local property tax appraisal and exemption administration for 76 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility districts, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Appraisals established by the appraisal district allocate the year's tax burden on the basis of each taxable property's January 1st market value. The appraisal district also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

BCAD has eight school districts within the county boundaries. Angleton ISD has approximately 9,959 improved residential real property parcels; 692 commercial parcels; Pearland ISD has approximately 29,347 improved residential real property parcels; 1,074 commercial parcels; Alvin ISD has approximately 31,427 improved residential real property parcels; 1,428 commercial parcels; Brazosport ISD has approximately 19,288 improved residential real property parcels; 1,428 commercial parcels; other school districts include Danbury, Damon, Sweeny and Columbia Brazoria which have approximately 12,072 improved residential real property parcels; 692 commercial parcels; BCAD appraises approximately 11,990 Lease and business personal property accounts; BCAD also maintains approximately 2,705 industrial accounts through contracted appraisal services. An allocation of appraisal staff to parcel ratio is submitted annually to the chief appraiser for consideration.

Cities are Alvin, Angleton, Brazoria, Village of Brookside, Clute, Danbury, Freeport, Holiday Lakes, Hillcrest Village, Jones Creek, Lake Jackson, Liverpool, Manvel, Oyster Creek, Pearland, Quintana, Iowa Colony, Village of Bailey's Prairie, Richwood, Village of Surfside, Sweeny and West Columbia.

The Office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations and the oversight of each department's functions. The Appraisal Department is responsible for the valuation of all real and personal property accounts. The appraisal divisions include commercial, residential, business personal, and industrial. The district's appraisers are subject to provisions of the Property Taxation Professional Certification Act and must be duly registered with The Texas Department of Licensing and Regulation.

Brazoria County Appraisal District adheres to a state mandate requiring the application of the principles and practices set forth by Uniform Standards of Professional Appraisal Practice (USPAP). The purpose of USPAP is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. It is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading.

The Appraisal Standards Board promulgates USPAP for both appraisers and users of appraisal services. The appraiser's responsibility is to protect the overall public trust and it is the importance of the role of the appraiser that places ethical

obligations on those who serve in this capacity. USPAP reflects the current standards of the appraisal profession.

USPAP does not establish who or which assignments must comply. Neither The Appraisal Foundation nor its Appraisal Standards Board is a government entity with the power to make, judge, or enforce law. Compliance with USPAP is required when either the service or the appraiser is obligated to comply by law or regulation. USPAP addresses the ethical and performance obligations of appraisers through Definitions, Rules, Standards, Standard Rules and Statements.

- *The DEFINITIONS establish the application of certain terminology in USPAP.*
- *The ETHICS RULE sets for the requirements for integrity, impartiality, objectivity, independent judgment and ethical conduct.*
- *The COMPETENCY RULE presents pre-assignment and assignment conditions for knowledge and experience.*
- *The JURISDICTIONAL EXCEPTION RULE preserves the balance of USPAP if a portion is contrary to law or public policy of a jurisdiction.*
- *The SUPPLEMENTAL STANDARDS RULE provides the means for government agencies government sponsored enterprises and other entities that establish public policy to augment USPAP.*
- *The TEN STANDARDS establish requirements for appraisal, appraisal review and appraisal consulting service and the manner in which each is communicated.*
- *STATEMENTS ON APPRASIAL STANDARDS clarify, interpret, explains or elaborates on a Rule or Standards.*
- *COMMENTS are an integral part of USPAP and have the same weight as the component they address. These extensions of the DEFINITIONS, RULES and STANDARDS RULES provide interpretation and establish the context and conditions for application.*

The appraisal of property for property tax purposes is required by the Texas Constitution and statutory law (Article VIII, Sec. 1(b); In addition Section 26.02 of the Texas Property Tax Code states that all property shall be appraised at 100% of its market value. Finally, Section 403.301 of the Government Code ensures equity among taxpayers in the burden of taxes and among school districts in the distribution of financial aid for public education. This subchapter provides for uniformity in local property appraisal practices and procedures and in the

determination of property values. To effectively administer the code, the comptroller conducts a bi-annual study using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in the district's boundaries.

THE BASICS

Property taxes are *local* taxes. Local officials value your property, set your tax rates, and collect your taxes. However, Texas law governs how the process works.

In Brazoria County, property taxes are based on tax rates set by the various local governments (taxing units) that levy a tax and on the value of the property. The valuation or appraisal process, which is performed by the Brazoria County Appraisal District, serves to allocate the tax burden among property owners. The property tax provides more tax dollars for local government services in Texas than any other source. Property taxes help pay for public schools, city streets, county roads, police, fire protection, and many other services.

CONSTITUTIONAL STANDARDS

The Texas State Constitution sets out five standards for the property tax.

1. **Taxation must be equal and uniform.** All property must be valued and taxed in an equal and uniform manner. This provision, which is an equity standard, helps ensure that no single property or type of property pays more than its fair share of taxes.
2. **With some exceptions, all tangible property must be taxed on its January 1 market value.** The exceptions include certain agricultural; timber; and recreational, park and scenic land subject to special appraisal. A property's market value is the price for which it would sell when both buyer and seller want the best price and neither is under pressure to buy or sell.
3. **All property is taxable unless federal or state law provides and exemption for it.** An exemption excludes all or part of a property's value from taxation.
4. **Property owners have a right to reasonable notice of increases in appraised property values.**

5. **Each property in a given appraisal district must have one appraised value.** An appraisal district's boundaries generally follow the boundaries of the taxing units which are located in it.

How does the system work?

There are three main parts to the property tax system in Texas:

An *appraisal district* in each county sets the value of taxable property each year. The *chief appraiser* is the appraisal district's chief administrator and is responsible to a board of directors for its operation.

An *appraisal review board* (ARB) settles any disagreements between you and the appraisal district about the value of your property.

Local *taxing units*, including the county, cities, school districts, and special districts, decide how much money they will spend each year. This in turn determines the tax rates they need to set and the *total amount* of taxes that you and your neighbors will pay.

The system has four stages: valuing the taxable property, protesting the values, adopting the tax rates, and collecting the taxes.

January 1 marks the beginning of property appraisal. What a property is used for on January 1, market conditions, at that time, and who owns the property on that date determine whether the property is taxed, the value, qualifications for exemptions, and who is responsible for paying the tax.

Between January 1 and April 30, the appraisal district processes applications for tax exemptions, agricultural and timber appraisals, and other tax relief. By law, beginning April 1, the appraisal review board begins hearing protests from property owners who believe their property values are incorrect, or who feel they were improperly denied an exemption or agricultural/timber appraisal. The ARB is an independent panel of citizens responsible for handling protests about the appraisal district's work. When the ARB finishes its work, the chief appraiser gives each taxing unit a list of taxable property known as the appraisal roll.

Usually in September or October, the elected officials of each taxing unit adopt tax rates for their operations and debt payments. Typically, each property is taxed by several taxing units. For example, every property in Brazoria County is taxed by both the county and a school district. Taxes may also be payable to a city or special district, including such entities as municipal utility districts, rural fire protection districts, junior college districts, and others.

Tax collection starts in October and November as tax bills go out. Taxpayers have until January 31 of the following year to pay their taxes. On February 1, penalty and interest charges begin accumulating on most unpaid tax bills. Taxing units may start legal action to collect unpaid property taxes once they become delinquent.

Executive Summary

Brazoria County Appraisal District has prepared and published this reappraisal plan to comply with requirements of the Texas Property Tax Code Section 6.05(i) and 25.18. Additionally this plan is intended to provide the citizens and taxing entities the appraisal district serves with a better understanding of the district's responsibilities and appraisal activities through the year.

The tax code provides appraisal districts with a comprehensive set of instruction and requirements for the appraisal of real and personal property. Chapter 23, Subchapter A covers "Appraisals Generally" and further defines the scope of work required for appraisal districts. Section 23.01(b) mandates appraisal districts use generally accepted methods and techniques in their application.

SB 1652, which requires the adoption of this plan, uses "reappraisal" in a broad sense to mean the activities that the district undertakes every year – inspecting property, updating models, and appraising the property. Under SB 1652, a property is reappraised when these activities are done, even if its value does not change. Accordingly, this plan describes BCAD's activities as annual reappraisal. The board of directors believes this plan is appropriate and in the public interest because it will make property owners fully aware of how their property's value was derived, even if no change has occurred and no notice was generated. It is important for the reader to understand that this plan uses the term "reappraisal year" in a different sense than has been the practice at the Brazoria County Appraisal District in prior years.

REAPPRAISAL PLAN REQUIREMENTS, ASSUMPTIONS AND LIMITING CONDITIONS

The reappraisal plan is adopted by the Brazoria County Appraisal District Board of Directors no later than September 15th of each year and reflects assessments with a January 1st effective date respectively. The goal of the plan is to appraise all properties at fair market value; the plan itself includes but is not exclusive to building permits and reappraisal of accounts based on historical data and best estimates as to what number of properties will be targeted for reappraisal. At the time of approval for the Reappraisal Plan, a complete listing of the actual properties to be targeted for reappraisal cannot be specifically identified as BCAD does not undertake a geographical reappraisal effort. BCAD undertakes an as

needed reappraisal approach as opposed to a geographical or boundary limited reappraisal approach in order to better achieve the goal of appraising all property at fair market value each year. Therefore BCAD's plan will always target the properties that meet the following criteria:

1. *Any account that has been flagged for re-inspection or partial complete status as of January 1 of the prior year;*
2. *Any account that had a significant building permit issued from one of the cities in or by the county from January 1 to December 31 and construction began prior to January 1;*
3. *Any account where data or inquiry has been provided to BCAD that indicates the property has had a conditional change that is not currently reflected on the record;*
4. *Any account that falls within a delineated area targeted for reappraisal- typically areas where overall sales ratio is less than 95% or is greater than 105% and/or areas with a higher concentration protests from the prior year;*
5. *Any mobile home park that has not been rendered/or a park list not provided;*
6. *Any areas of concentration of appeals, sales and/or last inspection dates earlier that 2012;*
7. *Any account or area deemed to be in need of reappraisal by supervision.*
8. *All business personal property accounts;*
9. *Any accounts in accordance with contracted appraisal services for minerals, industrial, etc.*
10. *Any area with economic changes either positive or negative;*

NOTE – Special emphasis will be made in areas impacted by the 2016 and 2017 floods including, but will not be limited to: 1) mailings of damage status reports to property owners in December 2018; 2) physical inspections of known areas that were impacted; 3) ratio studies limited to sales with closing dates after Hurricane Harvey; 4) segregation of market status in relation to flooded property conditions at the time of sale.

In its early years, BCAD's practice was to review and appraise the bulk of its property in odd-numbered years. By the early 1990's, the explosive growth in the local economy made it impractical to continue biennial reappraisal, and BCAD changed to a practice of reviewing and appraising all taxable property accounts on an annual basis. A property was considered to be "reappraised" if its value changed, irrespective of the year. Only one distinction between a "reappraisal year" and a "non-reappraisal year" has remained - the district has only sent appraisal notices to those whose property value changed.

REAPPRAISAL PLAN OVERVIEW

The reappraisal plan consists of two primary functions – fixed tasks and variable tasks. Fixed tasks are those required to be done on an annual basis and are associated with working building permits received on a monthly basis from the cities with in and including Brazoria County boundaries. Variable tasks are those tasks associated with our annual reappraisal effort including but not limited to the reappraisal of certain categories of income producing properties; foreclosure analysis; and reappraisal of areas with higher concentrations of appeals for the previous year. The following are considered fixed tasks conducted annually:

PLANNING AND ORGANIZATION

A calendar of key events with critical completion dates is prepared for the district to identify the operational tasks required to facilitate the preparation of the appraisal roll. Production standards for field and in house act ivies are incorporated in the process in order to comply with state mandates.

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements for appraisal year are considered in the annual budget process as adopted by the board of directors. Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified by district management in planning sessions that include but are not exclusive to information system support, mapping, GIS, modeling and analysis.

MASS APPRAISAL SYSTEM

Mass Appraisal System – Computer Assisted Mass Appraisal (CAMA) system revisions required will be specified and prioritized with Information Systems. All computer forms and procedures will be reviewed and revised annually and updates will be facilitated according to state mandates.

DATA COLLECTION

Field and office procedures will be reviewed and revised as required for data collection. Activities scheduled for each year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a three-year cycle, and field and/or office verification of sales data and property characteristics. Re-inspection of properties will be completed using physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches.

ANALYSIS

Mass appraisal models, schedules, studies will be tested each year through ratio studies, by market analysis and comparison with reliable sources. Proposed values on each category will be tested for accuracy and reliability in randomly selected areas or criteria. All studies will be conducted in accordance with *International Association of Assessing Officers (IAAO)* standards and the *Uniform Standards of Professional Appraisal Practices (USPAP).*

The following are considered annual variable tasks:

DELINIATED NEIGHBORHOODS

Based on ratio studies conducted, neighborhoods are defined and reworked based on ratios less than 90% and greater than 105% assuming sufficient sales data is analyzed. Delineation of a "neighborhood" for the purpose of market analysis includes consideration of geography, property types and uses, demographics and economics. The properties within these market areas (neighborhoods) should be in direct competition and should share complementary land uses, congruous grouping of inhabitants, buildings and/or businesses. A listing of neighborhoods to be reappraised is included in the Appendix.

CLASSIFICATION/CODES

Changes in the reporting of Texas Property Tax Classifications were made by the comptroller in 2014 and became effective January 1, 2015; these changes included but were not limited to the following: 1) qualifying agriculture land remains D1

however the non-homesteaded improvements on the land are now D2; 2) previously D2 was a land code for non-qualifying land – all D2 land codes are changed to E4; 3) homesteaded improvements on qualifying AG land remain E1, as do homesteaded improvements on non-qualifying land; 4) adjoining non-exempt lots are now coded A1 if contiguous with a homesteaded lot;

VALUATION ANALYSIS BY PROPERTY TYPE

Using market analysis of comparable sales, locally tested cost data, and income analysis when applicable, valuation models will be specified and calibrated in compliance with supplemental standards from the IAAO and USPAP. The calculated values will be tested for accuracy and uniformity using ratio studies.

PERFORMANCE ANALYSIS

Annually BCAD staff analyze the previous year's equalized values that have been certified with ratio studies to determine appraisal accuracy and appraisal uniformity overall. In its annual procedures the district tests values by market area within state property reporting categories. Ratio studies are done in compliance with the current Standard on Ratio Studies from the International Association of Assessing Officers.

TREATMENT OF RESIDENCE HOMESTEADS

Beginning in 1998, the state of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under the law, beginning in the second year a property receives a homestead exemption; increases in the value of that property are "capped." The value for tax purposes (appraised value) of a qualified residence homestead will be the LESSER of: the market value; or the preceding year's appraised value + 10% + the value of any improvements added since the last re-appraisal year. Values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the following year.

NEW LAWS/RULES

New laws enacted by the Texas Legislature may change some of the appraisal methodologies used by BCAD; when applicable new guidelines are formulated and can be found in the Brazoria County Appraiser's Manual.

IN-HOUSE REAPPRAISAL

In-House Reappraisals are based on those market areas and properties that have been targeted to be revalued including, but not exclusive to concentrations of protests, sales and/or low ratios as well as old dates. The reappraisal in these areas can be accomplished utilizing digital aerial photography, street view photography and statistical data. These are tools recognized and accepted by the International Association of Assessing Officers.

FORECLOSURE ANALYSIS

The district is responsible for researching sales and determining if the transaction is arm's length prior to the inclusion in market analysis. Sales must meet a set of criteria to be considered a market indicator. Recent changes in law mandate that districts now include for consideration foreclosed properties. Foreclosures are reviewed to determine the time on the market, exposure to the market and any allowances made by the buyer and/or seller. The condition of the property is also estimated at the time of sale and as of January 1st. As with any market transaction outlier sales that could skew valid findings are suppressed from the analysis.

REAPPRAISAL REQUIREMENTS

TAX CODE REQUIREMENT

S. B. 1652 enacted in 2005 by the Texas Legislature, amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

The Written Plan

Section 6.05, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

Plan for Periodic Reappraisal

Subsections (a) and (b), Section 25.18, Tax Code, are amended to read as follows:

(a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).

(b) The plan shall provide for the following reappraisal activities for all real and personal property in the district:

(1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;

BCAD receives listings of all deeds filed with the Brazoria County Clerk's office. These deeds are read and abstracted by staff and the information recorded in the computer assisted mass appraisal system (CAMA) including grantor, grantee, and date of record, volume and page. Property identification numbers are assigned to each parcel.

Business personal property is located by staff through canvassing the county, using data sources and processing state mandated renditions. Lists of commercial vehicles are also purchased annually and tied to appropriate business accounts. Renditions are required of utilities, railroads and pipelines.

Oil and gas wells are discovered using Texas Railroad Commission records and production records are processed by a contracted appraisal firm. Ownership is determined by division orders.

BCAD utilizes both cadastral maps and geographic information systems (GIS) to determine ownership lines for all real estate. Aerial photography is interfaced with the GIS for additional layers of information.

(2) Identifying and updating relevant characteristics of each property in the appraisal records;

BCAD's goal is to physically inspect all parcels once every three years according to state mandate. However budget, time and manpower limitations do not always allow for appraisers to walk from property to property measuring structures and noting

condition changes – instead the use of aerial photography has been integrated into the reappraisal phase for existing improvements. New construction is found through permits and by driving the county. Appraisers note the date of their inspection, make exterior sketches and notations of attributes and components which allows for the calculation of value.

Rural acreage is inspected to verify existing agricultural and wildlife management use. Reapplications for productivity are required periodically and management profiles are required annually.

Business personal property is physically inspected annually. The quality and density of inventories are determined as of January 1st and the age and conditions of furniture, fixtures, machinery, etc. is noted. Any discrepancies between field inspection and the property owner's rendition may require solicitation of additional information.

BCAD contracts with an appraisal firm that specializes in the appraisal of oil and gas properties, utilities, railroads and pipelines.

(3) Defining market areas in the district;

Annually properties are combined into delineated "neighborhoods" or market areas typically have improvements of similar construction and type. Market sales are used to define market areas and improvement and land schedules are developed accordingly. Commercial properties are categorized by subset codes and delineated by trade areas with similar rents, quality and age. All sales are analyzed quarterly to refine these market delineations. Land categories are developed based on highest and best used and/or value in use.

(4) Identifying property characteristics that affect property value in each market area, including:

(A) The location and market area of the property;

(B) Physical attributes of property, such as size, age, and condition;

(C) Legal and economic attributes; and

(D) Easements, covenants, leases, reservations, contracts, declaration, special assessments, ordinances, or legal restrictions;

Each parcel has information recorded in the CAMA system. Land attributes consist of legal description, dimensions, zoning, size, utility, access, etc. Legal characteristics are noted and used for developing schedules and defining market areas. Each improvement record consists of current sketch with measurements, photograph and individual characteristics including class, construction quality, year of construction, and specific attributes to the improvement.

(5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics.

BCAD's CAMA system utilizes an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics. The model uses the cost approach to value to estimate the original cost of each building component. Market sales are studies for improvement contribution in each market area and adjustments to cost schedules are applied to each improvement less depreciation – these are then tested against Marshal & Swift Residential Cost Estimates annually. Finally market adjustment factors are applied. Income producing properties such and apartments, hotels, mini-warehouses are valued using the income approach to value, however cost schedules and depreciation tables are maintained using Marshall & Swift Commercial Cost Estimates.

(6) Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and

BCAD uses conclusions reflected in appraisal model results to construct and maintain property classification guides identifying minimum property characteristics typical for each property class. By utilizing sales data for each neighborhood and market area, conclusions concerning age, quality, condition, construction components and depreciation are tested against Marshall & Swift Cost Estimates.

(7) Reviewing the appraisal results to determine value.

BCAD tests the results of its appraisal model values (appraisals) against market data (sales) to determine the accuracy and level of appraisal as well as to monitor the integrity of the appraisal model (CAMA). Ratio studies are performed quarterly and studies to maintain and update appraisal schedules to achieve market value appraisals. Sales ratios are performed for each neighborhood and market area to determine if values assigned by the model fall within a 95%-105% confidence interval level.

REVALUATION POLICY (REAPPRAISAL CYCLE)

It is the practice of the Brazoria County Appraisal District to annually re-appraise the market value of all properties in the district boundaries. In each year, BCAD will conduct a complete appraisal analysis of all properties in the district and will update property values as necessary. The chief appraiser will provide a notice of appraisal for each property in compliance with section 25.19 of the Tax Code. Market areas that have existing values consistent with the market and demonstrate uniformity will not be noticed (if) at current year value levels. The activities involved in the appraisal analysis are described below.

STEPS IN RATIO STUDIES

Steps utilized by staff are in accordance with *Standard on Ratios Studies* of the International Association of Assessing Officers (IAAO) and include but are not limited to:

1) definition of purpose – BCAD will perform ratio studies on a periodic basis to evaluate overall levels of appraisal. These studies will be used as performance

analysis to determine whether value estimates are equitable and consistent with the local market place;
2) collection/preparation of market data – the BCAD appraisal department will collect data from a variety of sources including, but not exclusive to real estate sources, questionnaires, grantors, grantees, personal contact, field review, closing statements and vendors;
3) coordinating BCAD appraisals with market data – BCAD staff will compare appraised values with sales prices on properties. Special care is taken to identify non-arms length transactions, outliers, etc.
4) stratification - BCAD staff performs stratification by school district and/or delineated neighborhoods;
5) statistical analysis – district staff performs ratio studies and statistical analysis after appraisal schedule modifications are made to evaluate performance. The median, weighted mean, coefficient of dispersion, price related differential, standard deviation and range will be calculated on each applicable class, category, and delineated area of properties; and
6) evaluation of results – BCAD staff will use the measures of central tendency and the relative measures of dispersion and all indication of variance to evaluate the district's overall level of appraisal. Sales ratio analysis may indicate areas where appraisers need additional training to improve performance and to eliminate bias in the appraisal process. Real property appraisal plans are adjusted according to ratio study indications.

1 Median is the middle ratio when the ratio is arrayed in order of magnitude. If there are two middle numbers, the median will be the average of those two;
2 Mean is the average of the ratios;
3 Weighted Mean is the average also, however it is considered when ratios exist with high sales prices to eliminate outliers from skewing the results;
4 Coefficient of Dispersion measures the average percent deviation of the ratios from the median;
5 Price Related Differential is the mean divided by the weighted mean. This statistic when higher than 1.03 indicates a regressive market. A PRD below .98 indicates progressivity.
6 For the 2019 appraisal year, additional ratio studies will be analyzed for properties in areas impacted by flooding in a market time from September 2017 to March 2019;

USE OF FORECLOSURES IN VALUATION PROCESS

Although foreclosures do not meet the definition of a fair market value transaction they are indicators of a down market due to effects of the economy. Factors weighed when using foreclosures include but are not limited to: 1) the size of the sample versus the size of the delineated parcel; 2) the market trends of a delineated neighborhood prior to the addition of foreclosures; and 3) the physical condition of the foreclosure sales. After weighing these factors analysis is done to determine the reliability of the foreclosures as indicators of market value for a delineated neighborhood. Not all foreclosures are accepted as indicators but are treated as outliers instead. It is not expected that district staff will be able to verify the condition of every foreclosure sale however reasonable efforts are made.

USE OF FORECLOSURES IN VALUATION PROCESS

Typically properties with damages are not included in the ratio studies, however Brazoria County has had two "atypical" years of flooding in a row therefore special analysis of flooded properties that have sold from September 2017 to March of 2019 will be conducted. Variables will include the condition of the property at the time of sale.

TYPICAL ADJUSTMENTS

BCAD will consider adjustments to confirmed sales prices for the effects of time, financing and/or special seller concessions. These adjustments and the methodology used are outlined in the BCAD Appraisal Manual.

PROPERTY TAX ASSISTANCE DIVISION BI-ANNUAL RATIO STUDY

The Property Tax Assistance Division of the Texas Comptroller's Office performs bi-annual ratio studies on all Texas school districts and appraisal districts. State law requires that BCAD appraise all taxable property at 100% of market value. Failure to appraise property within a confidence interval of 95% to 105% may result in diminished funding from the state to local school districts.

In addition, failure by the CAD to appraise properties within the PTD's intervals could result in penalties and/or reorganization through an oversight committee.

The CAD is also subject of a bi-annual Methods and Assistance Program audit by the comptroller's office to insure uniformity of methodology and administrative practices under IAAO standards.

2018 –2019
PLANNED ACTIVITIES

The Brazoria County Appraisal District by policy adopted by the board of directors conducts a complete reappraisal of all properties in school districts within the boundaries of Brazoria County on a three year cycle in compliance with the Texas Property Tax Code. In each year, BCAD will conduct an appraisal analysis of all properties in the district and will update property values as necessary. The chief appraiser will provide a notice of appraisal for each property in compliance with section 25.19 of the Tax Code.

RESOURCES

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulation. Staff works under the guidelines of the Property Tax Assistance Division of the state comptroller's office and strictly adheres to standards set forth by the International Association of Assessing Officers (IAAO) and Uniform Standards Practices and Principles (USPAP). Support functions including records maintenance, information and assistance to property owners, as well as property tax appraisal hearings coordinated by personnel in support services.

Appraisers are trained in accordance with Title 16, Chapter 94 of the Texas Administrative Code promulgated under the authority of the Texas Occupations Code, Chapters 51 and 1151. Education requirements include, but are not limited to the following: 32 hours of basic training in the Texas Property Tax system, no less than eight hours of ethics; 18 hours of income, business personal property, and real property analysis; 15 hours of USPAP; 24 hours of theory and practice of appraisal; 18 hours in mass appraisal and 16 hours of Texas Property Tax Law within a five year period to be accredited as a Registered Professional Appraiser

(RPA). Additionally, all appraisal personnel receive extensive training in the data gathering and valuation processes. Standardized manuals are provided to ensure uniform and accurate data collection and analysis.

As of 2018, the appraisal district staff consists of 54 full time employees with the following classifications:

- 5 - Official/Administrator (executive level administration) – Chief Appraiser, Deputy Chiefs of Administration and Appraisal and Directors of Appraisal Operations and Finance.
- 10 - Professional (supervisory and/or senior staff) – Supervisors of Customer Service, GIS, Mapping/Abstracting and Business Personal Property. Appraisal Managers for land, residential and commercial departments; Information System Coordinator; Special Projects Manager and an Appraisal Analyst.
- 20 – Registered Field Appraisers (excluding executive and/or professional level administrators/staff.
- 3 – Registered In-House Appraisers
- 8 – Technical Support Staff (including GIS tech, Appraisal techs and administrative assistant)
- 14 – Non-Technical Support (customer service, abstracting, clerical and other)
- Additional appraisal support for industrial, utility and mineral accounts is provided on a contractual basis

Re-inspection of properties will be completed in compliance with The Texas Property Tax Code, Section 25.18(b) using a combination of field inspections and office review. The approximate annual allocations are: 4,700 parcels per residential/land appraiser; 800 parcels per commercial appraiser; 1,900 parcels per AG appraiser; and 2,200 business personal property accounts per appraiser. Additional allowances may be added in 2019 in accordance with the 2019 adopted budget.

PERFORMANCE ANALYSIS

For each Tax Year, the previous year's equalized values will be analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and, by market area within state property reporting categories. Ratio studies will be conducted in compliance with the IAAO *Standard of Ratio Studies.* Descriptive statistics, such as, mean, median, and weighted mean ratios will be calculated for properties in each reporting category to measure the level of appraisal accuracy and the coefficient of dispersion (COD) will be calculated to measure appraisal uniformity by property reporting category. This analysis will be used to develop the starting point for establishing the accuracy and uniformity of appraisal performance.

PLANNING AND ORGANIZATION

For each year, a calendar of key events with critical completion dates will be prepared for each major work area. Production standards for field and office activities will be established and incorporated in the planning and scheduling process. The scope of work, available time frame, staffing resources, and any budgetary constraints have been considered in the development of this reappraisal plan. To the extent that circumstances require revision to this plan, amendments to the plan will be submitted to the board of directors for approval.

MASS APPRAISAL SYSTEM

Computer Assisted Mass Appraisal (CAMA) system revisions and enhancements will be specified and prioritized with Information Systems. Legislative mandates will be addressed and implemented into the necessary system applications. All computer generated forms, letters, notices and orders will be reviewed annually and revised as required. The following details the procedures as they relate to the 2017 and 2018 Tax Years. (SEE FLOW CHART, PG 54)

REAL PROPERTY VALUATION

Revisions to cost models, income analysis, and market studies will be specified, updated and tested each Tax Year. In each year, cost schedules will be tested with

market data to insure that the appraisal district is in compliance with Section 23.011 of the Tax Code. Replacement cost new tables as well as depreciation tables will be tested for accuracy and uniformity through ratio studies.

Income, expense, and occupancy data will be updated in the income analysis for each market area and cap rate studies will be completed using current sales data. When available, models will be tested with market data.

Land tables will be updated using current market data and then tested with ratio studies. Restriction, covenants, and other factors influencing value will be identified and analyzed. Value modifiers will be developed for property categories by market area as required, and tested with ratio studies.

PERSONAL PROPERTY VALUATION

Personal property staff will analyze rendition and prior year hearing documentation. Models will be refined according to actual original cost data and valuation procedures will be reviewed, modified as needed, and tested.

APPRAISAL NOTICES

Appraisal notices will be reviewed for legal sufficiency and correctness. Enclosures will be updated, including the latest version of any comptroller's taxpayer publication. Real property notices will generally be mailed in April. Personal property notices will be mailed in May or as soon as is practical.

HEARING PROCESS

Appraisal supervisors will conduct training of staff in March of each year to ensure preparedness for informal meetings and formal hearings, which begin in April of each Tax Year. Revisions and enhancements to existing hearing scheduling procedures for informal and formal appraisal review board hearings will be reviewed and updated to ensure efficiency and timely certification of the appraisal roll. Standards of documentation and the appraisal district hearing evidence will be reviewed and updated to reflect the current valuation methods and practices. Production of documentation will be tested and compliance with Tax Code requirements will be ensured.

IDENTIFYING & UPDATING REAL PROPERTY CHARACTERISTICS

Field and office procedures will be reviewed and revised as required for data collection and verification of value-related and descriptive property characteristics for each property. Activities scheduled for each Tax Year include physical and in-house aerial inspection of new construction, demolition, and remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a three year cycle as well as verification of sales information.

NEW CONSTRUCTION/DEMOLITION

Field and office review procedures for inspection of new construction will be reviewed and revised as required. Field production standards will be established and quality review will be conducted to verify accuracy of data. Building permits will be received from the cities and county in paper form. CAMA system uploads and data entry will both be used to input the data into the permits database.

REMODELING

Market areas with extensive improvement remodeling will be identified and on-site inspections will be scheduled to verify property characteristic data. Updates to valuation procedures will be tested with ratio studies before they are finalized in valuation modeling.

RE-INSPECTION OF PROBLEMATIC MARKET AREAS

Real property market areas, stratified by property classification, will be tested for low or high protest volumes; low or high sales ratios; and high coefficient of dispersion. Market areas that fail any or all of these tests will be determined to be problematic. Field reviews will be scheduled to verify and correct property characteristics data. Additional sales data will be researched and verified in order to assess whether the market area is correctly stratified. In the absence of adequate market data, neighborhood boundary lines may need to be redrawn.

MARKET AREA DELINEATION

Market areas are defined by physical, economic, governmental, and social forces that influence property values. The effects of these forces were used to identify, classify, and stratify or delineate similarly situated properties into smaller, more comparable and manageable subsets for valuation purposes. Delineation can involve the physical drawing of neighborhood boundary lines on a map or, it can also involve statistical separation of stratification based on attribute analysis. These homogeneous properties have been delineated into valuation neighborhoods for residential property or economic class for commercial property, but because there are discernible patterns of growth that characterize a neighborhood or market segment, analyst staff will annually evaluate the neighborhood boundaries or market segments to ensure homogeneity of property characteristics.

FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS

Sales information will be verified and property characteristics data with the date of sale will be captured. Since Texas does not require full disclosure of sale price, the district will obtain sales prices through deeds, voluntarily disclosed closing statements or fee appraisals usually submitted as evidence in a protest hearing, buyer and seller mail questionnaires, or third party sources, such as, real estate agents and various market data vendors.

PLANNED REAPPRAISALS

For each Tax Year, valuation models will be specified and calibrated in compliance with the supplemental standards from IAAO and USPAP. The calculated values will be tested for accuracy and uniformity using ratio studies. Performance standards will be in compliance with the guidelines set forth in the IAAO *Standard on Ratio Studies.* Property values in all market areas will be analyzed and updated each reappraisal year as required for level and uniformity of value.

REAL PROPERTY

Ratio studies will be conducted on each residential valuation neighborhood in the district to judge the two primary aspects of mass appraisal accuracy -- level and uniformity of value. These studies begin for the last quarter of 2018 through the first quarter of 2019.

The physical valuation process for real property historically begins by mid-August – however due to a substantially higher volume of protests for the 2017 equalization phase the valuation process has been delayed until September with the exception of residential new construction;

Real property appraisal teams will begin by completing the reappraisal no later than mid-March.

Sale analysis, sales outlier review, neighborhood analysis, and finalization of proposed estimates of value will likely occur in April.

The valuation period will begin in August 2018 and last until mid-March 2019. Once the proposed values are finalized, an equity study will be performed to test the level and uniformity of appraisal within property use and among various classes. Whereas most real property is appraised using the Cost and/or Market approaches, income producing properties such as apartments, RV parks and mini-warehouses will be valued using the Income approach. Hotels and motels will be appraised based on income reported to the Texas Comptroller's office. All properties are appraised using the method deemed most appropriate pursuant to Section 23.0101.

Valuation Method Used

Cost Approach

The district will use a cost-market approach when valuing single-family and multi-family residential properties. The comparative unit method will be used to develop the "base" cost of a structure. Adjustments will then be made for differences from base specifications using the unit-in-place method. Neighborhood or location adjustment factors will be developed from appraisal statistics provided by ratio studies to ensure that estimated values reflect both the supply and demand side of the market. The following equation denotes the hybrid model used:

$$MV = MA\ [RCN - D] + LV$$

The market value (MV) equals the market adjustment factor (MA) applied to the replacement cost new less depreciation (RCNLD), plus the land value (LV). Market adjustments will be applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction.

Residential land values will be estimated using the base lot method, which establishes the value of the standard, or "base" parcel within each stratum or delineated neighborhood through sales comparison analysis. The analysis assumes that the major factors causing variations among land values within a neighborhood are view, traffic, and size. In areas where insufficient vacant land sales exist, the abstraction method, also known as the land residual method and the allocation method, known as the land ratio method will be used to establish base lot values within a neighborhood. The analyst will develop a base lot and primary rate, and assign each to a unique land table. The square foot land table is designed to systematically value the primary and residual land based on a specified percentage of the primary rate. A computerized land table stores the land information required to consistently value individual parcels within neighborhoods. Land adjustments will be applied on individual properties, where necessary, to adjust for such influences as view, shape, size, and topography, among others.

If a neighborhood is to be updated, the analyst will run a cost ratio study that compares recent sales prices of properties appropriately adjusted for the effects of time and stratified geographically by neighborhood with the property's cost value. The calculated ratio derived from the sum of the sold properties' cost value divided by the sum of the sales prices indicates the neighborhood level of value based on the unadjusted cost value for the sold properties. This cost-to-sale ratio will be compared to the appraisal-to-sale ratio to determine the market adjustment factor for each neighborhood. This market adjustment factor is needed to trend the values obtained through the cost approach closer to the actual market evidenced by recent sales prices within a given neighborhood. The sales used to determine the market adjustment factor will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each update neighborhood will be applied uniformly to all properties within a neighborhood and a second set of ratio studies will be generated that compares recent sale prices with the proposed market values for these sold properties. From this set of ratio studies, the analyst will judge the appraisal level and uniformity in both updated and non-updated neighborhoods, and finally, for the school district as a whole.

An extensive review and revision of the residential cost schedules will be performed biannually and tested against the Residential Marshall & Swift Cost Estimators. Commercial schedules are updated annually through an integrated format of Marshall & Swift Cost Estimators.

Sales Comparison Approach

As indicated in *Property Appraisal and Assessment Administration* (IAAO, 1990), in the absence of a sale of the subject, sales prices of comparable properties are usually considered the best evidence of market value. The sales comparison approach models the behavior of the market by comparing the properties being appraised with comparable properties that have recently sold or for which offers to purchase have been made. Their sales prices will then be adjusted for differences from the subject and a market value for the subject is estimated from the adjusted sales prices of comparable properties.

Depreciation

Depreciation tables are based on an extended life theory which encompasses a remaining life and effective age approach. The depreciation system also incorporates a CDU (condition, desirability, utility) rating system to provide a logical reasoning process by means of which normal age depreciation may be modified according to the appraiser's best determination of the relative loss of value in a structure as compared with the average loss that might be expected.

Income Approach

The income approach to value will be applied to those real properties that are typically viewed by market participants as "income producing", which are bought and sold based on the property's ability to produce income, and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent. This is derived primarily from actual rent data furnished by property owners and from local market study publications. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and on local market publications. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an effective gross rent. A secondary income or service income is calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income or EGI.

Allowable expenses and expense ratio estimated will be based on a study of the local market, with the assumption of "prudent management". An allowance for non-recoverable expenses such as leasing costs and tenant improvements will be

included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Different expense ratios will be developed for different types of commercial property based on use. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for his pro-rata share of taxes, insurance and common area maintenance. In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. However, any amount in excess of the total per unit expenditure in the first year is the responsibility of the tenant. Under this scenario, the total operation expense in year one establishes the base rate. Any increase in expense over the base rate throughout the remainder of the lease term would be the responsibility of the tenant. As a result, expense ratios will be implemented based on the type of commercial property.

Another form of allowable expense is the replacement of short-lived items, such as, roof or floor coverings, air conditioning or major mechanical equipment, or appliances requiring expenditures of large lump sums. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. Subtracting the allowable expenses (inclusive of the non-recoverable expenses and replacement reserves) from the effective gross income yields an estimate of net operating income.

Rates and multipliers will be used to convert income into an estimate of market value. These include income multipliers, overall capitalization rates, and discount rates. Each of these is used in specific applications. Rates and multipliers also vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market.

REAL PROPERTY REAPPRAISAL AREAS

For the 2018-2019 reappraisal phases the following areas are flagged:
Commercial reappraisals will be conducted beginning in August in the Damon, Danbury and Pearland school districts. Rechecks and permits will be assigned in December. Income analysis and market schedule maintenance will be conducted beginning in January. Special projects will include (but are not exclusive to) analysis of "big box" stores and equity issues with them. Surveys will be generated to the following occupancy types: apartments, strip centers, office warehouses, RV-parks and mini-warehouses.
Residential re-inspections will be focused on omitted areas from the 2017-2018 plan because of the shift in priority to those properties impacted by the storm; those areas include but are not limited to northern portions of the Angleton school district and the abstracts shared by Angleton and Danbury school districts; In addition portions of the Brazosport school district including Peach Point, Wild Peach and Jones Creek will be reworked to determine the status of storm damage. The Alvin ISD reappraisal will be conducted with emphasis of the area along the Highway 6 Corridor including but not exclusive to Abstract(s) 366, 552, 293, 477, 291, 285, 231 and 526 as well as abstracts common to County Road 101 including Abstract(s) 541, 290, 549, 245 and 550.
In-house re-inspections will begin in early August 2018 while protest meetings are continuing by all appraisers; once protest meetings are completed, these inspections will be continued by in-house appraisers only. Concentration will be on old dates and include but are not limited to areas in the Alvin and Brazosport ISDs.
Agricultural inspections will be conducted in Brazosport, Angleton and Danbury ISDs as well as rechecks in areas affected by flooding in 2016 and 2017.
Land a reappraisal of remaining Angleton ISD land accounts will be completed as well as re-inspections focused on some flooded areas of the county. A complete reappraisal will be conducted in the Danbury ISD and the southern portion of Alvin ISD will be started. In addition new subdivisions will be set up and coded. Commercial land values will be reviewed.

Damage Status Surveys will be available on the BCAD website for property owners to render remaining damages from the flood as of January 2019. Surveys will be sent by mail or email to the property owners who rendered damage the previous year. These surveys may initiate field review in additional areas; Note: Some properties in rural areas may have limited access therefore aerial inspection and/or verifications are made.

MOBILE HOMES

Real and personal property mobile homes will be valued using the cost approach. BCAD cost and depreciation schedules will be compared against *N.A.D.A. Guides*, a nationally recognized pricing service. *N.A.D.A Guides* will be used primarily to update cost schedules for mobile homes listed as personal property. Biannually updated cost schedules will be used for real property mobile homes and for new mobile homes.
The district will download from the Texas Department of Housing and Community Affairs' website a list of transferred mobile homes to input into our database. Clerical staff will then generate questionnaires seeking information on sales price, serial and HUD numbers, make and model, and ownership. Master lists identifying mobile home parks will be generated annually and used by appraisal staff to verify situs.

According to Section 25.08(e), Tax Code, a manufactured home placed on land owned by the same person will not be considered as real property unless the owner has filed a "Statement of Ownership and Location" with the county clerk or County tax assessor. Unless this statement is filed, the manufactured home will be carried in our records as personal property.

SPECIAL USE PROPERTY VALUATION-AGRICULTURAL/TIMBER/WILDLIFE PROPERTY

The appraisal district values agricultural and timber land in compliance with the Property Tax Code's *Manual for the Appraisal of Agricultural Land* and *Manual for the Appraisal of Timber Land*, which states that the cash lease method and the share lease method of appraisal are appropriate.

Since most properties are leased by the owners to tenant farmers, BCAD will use the cash lease method of appraisal. The cash lease method is a modified income approach using the lease amount (income per acre) minus expenses (landowner) to give us the "net-to-land" value per acre. "Net-to-land" values will be averaged for a five-year period to give an average "net-to-land" factor that will be divided by the capitalization rate for the year to give a value per class of agricultural production. The agriculture appraisal staff will collect lease data from the lessee on a yearly basis.

Timberland will be appraised in a similar method using data furnished by state agencies. Wildlife appraisal is revenue neutral, so whatever the previous agriculture use was prior to converting to wildlife management will be the value used.

AGRICULTURE APPRAISAL

The Texas Constitution Article 8 Sec 1-d-1 provides for open space land devoted to farm, ranch, timber, or wildlife management to be taxed based on its productive capacity rather than the current market value. This special appraisal value is not an exemption and is based solely on the land's capacity to produce crops or livestock instead of its value on the real estate market. Property that qualifies for this agricultural special appraisal value has a substantial reduction in taxes based on the type of agriculture that the open space land is currently devoted to. Even though this lower value reduces the taxes on the property for the current tax year an additional tax called a "rollback" of these taxes will take place when the land stops being used for an agriculture purpose. The tax code section 23.55 provides for how to handle the change of use when the open space land stops being used for an agriculture purpose. The rollback recaptures, with interest, the taxes saved for (5) years preceding the change in use. A tax lien also attaches to the property on the date of the change of use. Procedures for implementing this agricultural special appraisal value for the current tax year are based on the guidelines published in the Texas Constitution, Tax Code, and Manuals published by the Texas Comptroller.

Brazoria County Appraisal District per the state manual for the Appraisal of Agricultural Land uses the standard cash lease method to determine the net to land estimates for the current agricultural special appraisal value per land class. Typical cash leases and agriculture surveys sent out each year are used to determine these estimates.

Wildlife Management

In order for a property to qualify for the wildlife management special appraisal value the land must already have an agricultural exemption. The land must also be used to propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals. This includes the selection of at least one target species.

A wildlife management plan must be filed with the district to initially obtain a wildlife management special appraisal valuation. Every year after the initial approval an updated annual wildlife management plan must be submitted in order to keep the wildlife management special appraisal valuation on the property. Along with the management plans it is required that an updated map showing the three selected management activities for the previous tax year to be submitted with the management plan. Evidence like pictures, receipts, etc.... to show that the three selected management activities were at least attempted is also required. The wildlife management forms are available at the district's office or online at the Texas Parks and Wildlife Office web site www.tpwd.state.tx.us.

INDUSTRIAL REAL PROPERTY

This property type will be valued each Tax Year by an outside contract appraisal firm. The contracts for assistance in valuing major industrial complexes and general industrial property will be negotiated each year. The board of directors will approve appraisal firm contracts each year. Generally, estimates of value developed by the appraisal firms will be provided to BCAD by April 1st or as soon as is practical.

BUSINESS AND INDUSTRIAL TANGIBLE PERSONAL PROPERTY

These property types will be valued each Tax Year by district appraisal staff and contract appraisal firms. Generally, estimates of value developed by the appraisal firms will be provided to BCAD in May of each Tax Year. The notices of appraised value for business and industrial personal property are generally mailed in early to mid May. Situs checks are conducted on all accounts that failed to render a current value for 2015, any with returned mail and those accounts on a periodic list.

UTILITY AND MINERAL PROPERTY

BCAD contracts with an engineering appraisal firm to provide estimates of value for real and personal property utilities. Generally, these values will be provided to BCAD by April 1st or as soon as is practical.

INVENTORY PROPERTY

Improved and vacant property is appraised in compliance with the Texas Property Tax code, Section 23.12 (a).
In general, the district uses its own land value estimates and the actual itemized construction, labor, and material costs, plus other soft or indirect costs to estimate market value as of the assessment date. The market values of improved inventory will be reviewed annually and inventory consideration will be eliminated when ownership transfers to the property owner.

The tax code allows a wholesale valuation of real property inventory if it is: 1) held for sale in the normal course of business for the owner; 2) has never been occupied as a residence; and 3) it has never been rented and produces no income.

Vacant real inventory land will be valued using a discounted cash flow formula that considers value relative to the income or cash flow, the interest or discount rate, and the number of years the property is likely to be held. As with improved inventory, full market value will be applied once the vacant land is absorbed and ownership transfers for the purpose of residential construction.

Equitable & Uniform Market Analysis

Appraisal Equal and Uniform

The Texas Constitution gives taxpayers a number of rights (and responsibilities) concerning their property tax appraisals. First, the constitution makes all property in the state taxable unless exempt by law. Second, the constitution requires the appraisal districts to appraise all property at 100% of the value required by law. Third, and perhaps most important, the constitution provides that taxation must be "equal and uniform." More than 120 years ago, the Texas Supreme Court described the equal and uniform requirement as follows:

> *Taxation is "equal and uniform" when no person or class of persons in the Territory taxed is taxed at a higher rate than are other persons in the same district upon the same value or thing, and when the objects of taxation are the same by whomsoever owned or whatever they are. Norris v. City of Waco (1882) 57 Tex. 635.*

Modern appraisal practices in the appraisal districts eliminate gross disparities that existed under the pre-appraisal district system.
One of the reasons that appraisal districts have been so effective in eliminating inequities is the use of computerized mass appraisal systems. Appraisers are trained to collect property data in a uniform manner that does not vary from property to property. Computerized valuation programs apply this data to determine the value of each property, uniformly and without exception. A modern computerized mass appraisal system contains many checks and balances to catch inequality before it ever becomes a problem.

Nevertheless, while the kind of inequality the drafters of the tax code were thinking about simply doesn't exist any more, there are occasional instances where minor inequality may appear to exist.

Steps to insure equity of appraisals based on an equity protest include: 1) determining the market value of a subject property based on sales in a delineated neighborhood; 2) calculating the property appraisal ratio to determine the median appraisal ratio; and 3) making a final determination for the subject property by applying that median percentage to the overall market value.

VALUE DEFENSE OVERVIEW

Sect. 41.43 of the Texas Property Tax Code places the burden of proof on the appraisal district in protests regarding over-appraisal, and unequal appraisal. Evidence to be used by the district to meet this burden of proof for market value and equity in formal appraisal review board hearings is specified and tested. A number of value defense issues apply to all property types. Regardless of the nature of the protests or the type of property, the district attempts to informally resolve all protests before they are scheduled for an appraisal review board hearing.

The informal meeting process is seen as an opportunity to accomplish the following objectives:

1 correct simple errors and insure that the appraisal records are correct

2 insure the appraisal takes into account all pertinent factors
3 identify specific issues the owner is concerned about
4 ascertain the owner's opinion of property value
5 increase the owner's understanding of assessment administration

The district follows the rules and procedures adopted by the appraisal review board for formal hearings. In the formal process all property types are represented by the director of appraisal and deputy chief of appraisal and any other staff knowledgeable of the property. All evidence is reviewed and verified for accuracy and completeness prior to being presented to the board. All evidence presented by the district staff members is under oath.

The district makes available all information required by Sect. 41.461 if requested by the property owner. The district's defense of unequal appraisal on all property types in formal hearings is done in accordance with Sect. 41.43 (b) of the property tax code.

THE MASS APPRAISAL REPORT

Each Tax Year, the mass appraisal report is prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about April 1st, or as soon as practical).. The mass appraisal report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Standard Rule 6-9. The reappraisal plan is referenced in the district's mass appraisal report and together provides the public an overall understanding of the full appraisal process. Whereas, each document stands alone, both must be considered in relaying the district's completion of the property tax year and the mandated requirements.

Limiting Conditions

The appraisal review plan provided by the district is subject to the following conditions:

1 The appraisal process is prepared and conducted exclusively for ad valorem tax purposes;
2 The property characteristic data upon which the appraisals are based is through exterior inspections and limited to the staff resources;
3 Validation of sales transactions is attempted through questionnaires to buyer and seller and through vendors and is considered reliable, however is not guaranteed and/or warranted by the district;
4 Below is a list of staff providing significant assistance to the person signing this certification statement:

Certification Statement:

"I, Cheryl Evans, Chief Appraiser for Brazoria County Appraisal District, solemnly swear that I have made or caused to be made a reappraisal plan for Brazoria County Appraisal District for the 2017/2018 tax years as required by state law."

_____

Cheryl Evans
Chief Appraiser
Brazoria County Appraisal District

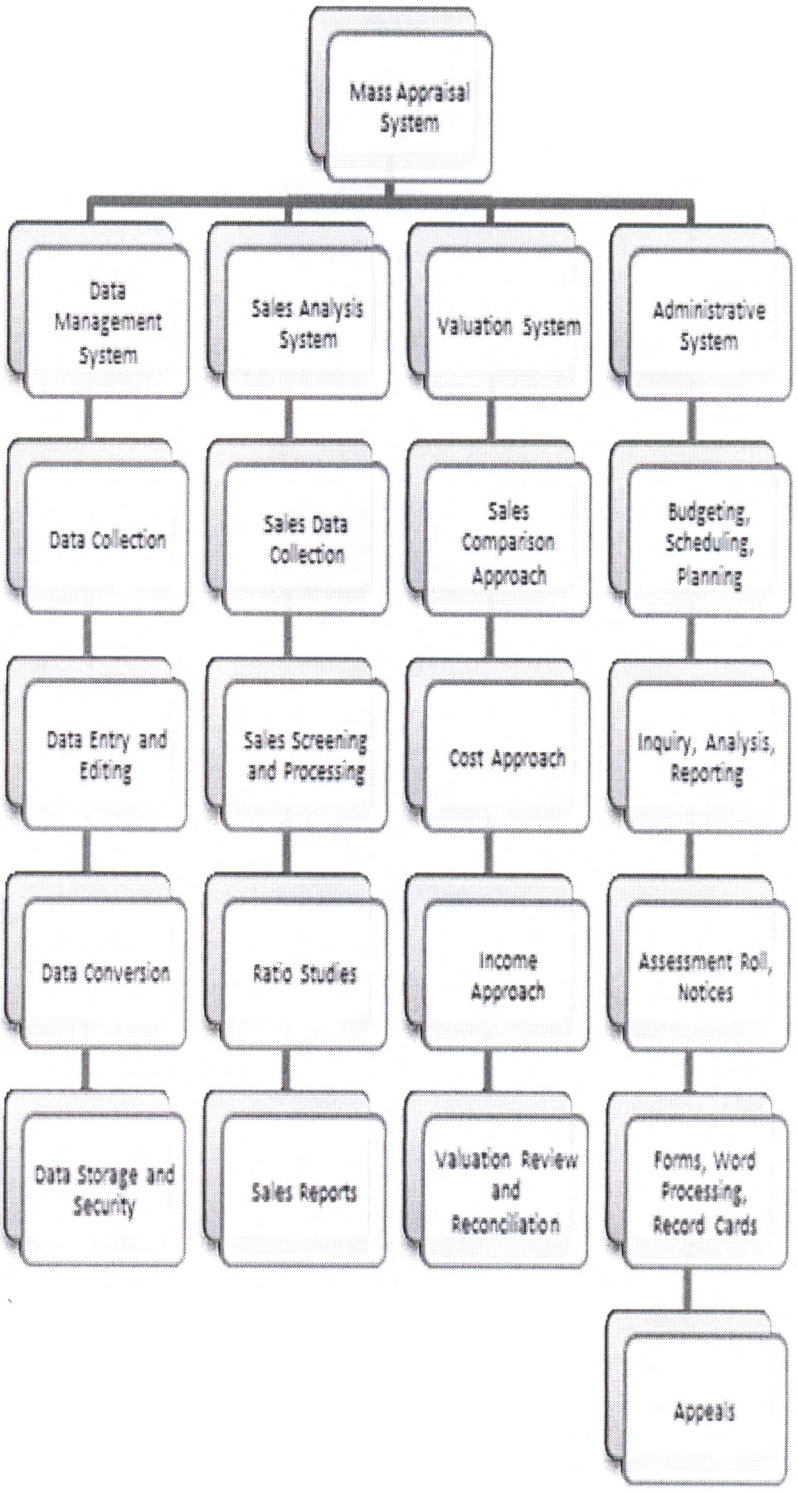
BCAD Staff key in reappraisal planning:

Al Baird	Deputy Chief of Administration
Preston Brown	Deputy Chief of Appraisal
Nancy Ashburn	Director of Appraisal Operations

BCAD Staff key in reappraisal implementation:

Steven Holtz, Project Manager	Jennifer Warren, Residential Supervisor
John Varner, Commercial Supervisor	Laura Thoede, BPP Supervisor
Callie Haynes, Land Supervisor	Patrick Whittenburg, New Construction Manager

MASS APPRAISAL FLOW CHART



AUGUST 2018

- Collect, verify and process sales information
- Review commercial publications and gather market data
- Collect and input building permits, fire reports, demolition reports and manufactured reports
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Process partial exemptions
- Create merges and splits for land parcels
- Track TDLR education courses for registrant training
- Review litigated accounts
- Prepare arbitrations
- Continue informal protest meetings and formal hearings
- Electronic Property Transaction submission to PTAD
- Supplemental roll
- Create new year layer in CAMA system
- Conduct appraiser training
- Strategy meetings with residential, land and commercial managers
- Update aerial overlay
- Begin in-house discovery process and appraisal updates
- Run ratio study of certified values by strata
- Begin preparing fieldwork for all reappraisal types (Residential, Land, Commercial, BPP, AG)

SEPTEMBER 2018

- Collect, verify and process sales information
- Review commercial publications and gather market data
- Collect and input building permits, fire reports, demolition reports and manufactured reports
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Process partial exemptions
- Create merges and splits for land parcels
- Prepare arbitrations
- Continue formal hearings
- Continue fieldwork preparation
- Begin residential field inspections of properties identified for a reappraisal year
- Begin personal property discovery and prepare on-site verification list
- Begin account by account review of commercial properties in school districts designated for reappraisal

- Electronic Appraisals Roll Submission to PTAD
- Complete quarterly contacts of apartments
- Supplement the roll
- Begin adding residential new construction
- Continue in-house review of accounts using aerial imagery
- Begin first phase of land re-evaluation using allocation/abstraction method
- Begin AG field inspections

OCTOBER 2018

- Collect, verify and process sales information
- Review commercial publications and gather market data
- Collect and input building permits, fire reports, demolition reports and manufactured reports
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Process partial exemptions
- Create merges and splits for land parcels
- Prepare arbitrations
- Continue formal hearings
- Continue fieldwork preparation
- Continue residential field inspections of properties identified for a reappraisal year
- Continue personal property discovery and prepare on-site verification list
- Continue account by account review of commercial properties in school districts designated for reappraisal
- Supplement the roll
- Continue adding residential new construction
- Continue in-house review of accounts using aerial imagery
- Quarterly cold-calling of apartment managers for rates, vacancy, etc.
- Begin data entry and quality control of processed fieldwork
- Begin review and update of land sales
- Establish benchmarks for delineated neighborhoods
- Continue AG checks
- Generate AG questionnaires, wildlife applications, keying AG fieldwork
- Rollbacks pulled, printed and approved

NOVEMBER 2018

- Collect, verify and process sales information
- Review commercial publications and gather market data
- Collect and input building permits, fire reports, demolition reports and manufactured reports
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA

- Discovery of agricultural land change of use
- Process partial exemptions
- Create merges and splits for land parcels
- Prepare arbitrations
- Continue formal hearings
- Complete fieldwork preparation
- Continue residential field inspections of properties identified for a reappraisal year
- Continue personal property discovery and prepare on-site verification list
- Continue account by account review of commercial properties in school districts designated for reappraisal
- Begin adding new commercial construction
- Supplement the roll
- Continue in-house review of accounts using aerial imagery
- Continue data entry and quality control of processed fieldwork
- Run ratio study to monitor reappraisal activities
- Run ratio study to verify and update cost schedules
- Run land sale ratio study to plan special projects
- Print next appraisals
- Surveys mailed for income properties
- First run of requests for updated agricultural applications and new owner application
- AG mailings
- Mail/email Damage Status Surveys

DECEMBER 2018

- Collect, verify and process sales information
- Review commercial publications and gather market data
- Collect and input building permits, fire reports, demolition reports and manufactured reports
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Process partial exemptions
- Create merges and splits for land parcels
- Complete 2015 formal hearings
- Process lists for percent complete and photo drive-by
- Continue residential field inspections of properties identified for a reappraisal year
- Continue personal property discovery and prepare on-site verification list
- Complete commercial data entry
- Begin income analysis for commercial department
- Continue adding new commercial construction
- Supplement the roll
- Continue in-house review of accounts using aerial imagery
- Continue data entry and quality control of processed fieldwork
- Run ratio study to monitor reappraisal activities

- Run land sale ratio study to plan special projects
- Continue AG checks
- Complete foreclosure analysis to determine effects (if any) on market
- Print next appraisals

JANUARY 2019

- Collect, verify and process sales information
- Analysis of appropriate adjustments
- Ratio study of last quarter sales by type
- Ratio study by strata and type
- Collect and input building permits, fire reports, demolition reports and manufactured reports
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Process partial exemptions
- Create merges and splits for land parcels
- Complete 2015 formal hearings
- Complete percent complete and photo drive-by
- Continue residential field inspections of properties identified for a reappraisal year
- Continue personal property discovery and prepare on-site verification list
- Complete commercial data entry
- Begin income analysis for commercial department
- Continue adding new commercial construction
- Supplement the roll as necessary
- Continue in-house review of accounts using aerial imagery
- Continue data entry and quality control of processed fieldwork
- Run ratio study to monitor reappraisal activities
- Run land sale ratio study to plan special projects
- Begin equity analysis of commercial properties by type Quarterly cold-calling of apartment managers for rates, vacancy, etc.
- Print next appraisals
- Process work flow lists for appraisers
- Mail personal property renditions
- Second run of requests for updated agricultural applications and new owner applications
- Complete AG field inspections
- Begin cap rate analysis for income producing properties

FEBRUARY 2019

- Calculate productivity values
- Collect, verify and process sales information

- Ratio study of last quarter sales by type
- Ratio study by strata and type
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Ag applications processed
- Process partial exemptions
- Create merges and splits for land parcels
- Complete formal hearings
- Complete percent complete and photo drive-by
- Continue residential field inspections of properties identified for a reappraisal year
- Continue personal property discovery and prepare on-site verification list
- Complete commercial data entry
- Continue income analysis for commercial department
- Continue adding new commercial construction
- Supplement the roll as necessary
- Continue in-house review of accounts using aerial imagery
- Continue data entry and quality control of processed fieldwork
- Run ratio study to monitor reappraisal activities
- Run land sale ratio study to plan special projects
- Continue equity analysis of commercial properties by type Quarterly cold-calling of apartment managers for rates, vacancy, etc.
- Begin Neighborhood Analysis
- Begin equity analysis of residential properties
- Print next appraisals
- Process work flow lists for appraisers
- Begin processing personal property renditions
- Continue cap rate analysis for income producing properties
- Begin re-value of apartments and hotels
- Electronic Property Transaction submission to PTAD
- Second run of requests for updated agricultural applications and new owner application
- AG board meets

MARCH 2019

- Conduct Urban Rancher AG Program
- Collate sales information for value defense
- Final ratio studies prior to notices
- Update real property ownership as deeds are filed
- Update manufactured home ownership processed through TDHCA
- Discovery of agricultural land change of use
- Process partial exemptions
- Finalize merges and splits for land parcels effective January 1st
- Initiate error reports, loss/gain reports and equity checks on residential properties

- Continue residential field inspections as needed
- Complete commercial income analysis
- Supplement the roll as necessary
- Begin in-house training for appeals
- Continue data entry and quality control of processed fieldwork
- Complete Neighborhood Analysis
- Process personal property renditions
- Complete re-value of apartments and hotels
- Verify commercial values; run loss/gain and error reports
- Complete AG inspections/process applications
- Ratio studies including areas that flooded September 2017-current

APRIL 2019

- Collate sales information for value defense
- Finalize merges and splits for land parcels effective January 1st
- Continue error reports, loss/gain reports and equity checks on all property types
- Verify all checks/permits complete
- Begin AG checks
- Call BPP accounts that failed to render
- Supplement the roll as necessary
- Continue in-house training for appeals
- Finish data entry and quality control of processed fieldwork
- Process personal property renditions
- Process and send first batch of 25.19 notices
- Process exemption applications
- Estimates to applicable entities
- Begin non-scheduled informal appeal meetings Complete AG inspections/process applications
- Continue process of AG applications

MAY 2019

- Begin scheduled informal appeal meetings
- Generate AG denials
- Process personal property renditions
- Complete AG checks
- Supplement the roll as necessary
- Turn records over to ARB
- Begin formal hearing schedule
- Process second batch of 25.19 notices
- Load mineral import from contracted appraisal firm
- Process late applications, denials

JUNE 2019

- Scheduled informal appeal meetings
- Process personal property renditions
- Supplement the roll as necessary
- Process rendition penalty letters
- Continue formal hearing schedule
- Process in-house 25.19 and corrected notices
- Field inspections for late AG applications

JULY 2019

- Scheduled informal appeal meetings
- Supplement the roll as necessary
- Continue formal hearing schedule
- Certify Appraisal Roll.

Additional Target Areas for 2018-2019 Plan: A0228, A0231, A0245, A0285, A0290, A0291, A0293, A0366, A0420, A0471, A0473, A0477, A0526, A0541, A0549, A0550, A0552, A0477, A0585, A0538, A0487, A0320, A0085, S5770, S4075, S4870, S7756, S7582, S8424, S7938, S7133, S6814, S7895, S2040, S6398, S7758, S7592, S7493, S7815, S2988, S6950, S7005, S7004, S5640, S8238, S1415, S6951, S7494, S7864, S4025, S7705, S1262, S6944, S2995, S7753, S8431, S7753, S3465, S6140, S4809, S8183, S6035, S7633, S2988, S4027, S2415, S4775, S6375, S6562, S7475, S8431, S6952, S7123, S4027, S6613 S7815, S6105, S2217, S5638, S2988, S5650, S6035, S8328, S3055, S7006, S2158, S7006, S8321, S4670, S1333, S4364, S5383, S8387, S3070, S4140, S7052, S7856, S8387, S1330, S3050, S6635, S7198, S8183, S6260, S7035, S8182, S7752, S2877, S3951, S7007, S8050, S6375, S7558, S3949, S2986, S3033, S7374, S600, S7708, S7475, S7182, S7595, S7708, S1262, S8182, S2155, S4823, S6636, S4823, S8182, S4823, S6261, S4140, S7182, S4140, S4811, S2415, S7708, S7475, S7182, S7595, S7708, S8182, S2155, S4823, S6636, S4823, S8182, S4823, S6261, S4140, S7182, S4140, S4811, S2415, S4808, S2320, S2381, S2580, S2986, S3033, S3035, S3091, S4128, S4133, S4134, S4135, S4136, S4470, S4710, S4725, S4805, S4808, S4875, S5150, S6002, S6075, S6120, S6480, S6496, S6554, S6936, S7158, S7341, S7374, S7446, S7504, S8135, S8255, S8283, S8323, S8375, S8434;

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