



## PROPERTY APPRAISAL

At least once every three years, each parcel of property in Mills County is visited and reviewed by an appraiser in accordance with Texas law. During that visit, the appraiser reviews property characteristics and records any changes from the last review cycle (for example, if you have added or removed a barn, shed or swimming pool). The appraiser also looks closely at your improvements (houses or buildings) to see if there is any change in the exterior condition of your property.

Typically, an appraiser will validate the:

- ✓ Size of your improvements;
- ✓ Construction quality of your improvements; and
- ✓ Physical condition of your improvements.

If your property has an interior problem that is not visible from the exterior **an appraiser will only review the interior of your home with you present and with your permission.**

Using these facts, the appraisal district will determine the market value of your property as of January 1 of each year considering one of three methods of appraisal:

- Sales comparison/market approach;
- Cost approach; or
- Income approach

And, because the appraisal district is placing a value on a large number of properties annually, the appraisal district must utilize applicable features of each method and apply them uniformly to similar properties in a process known as **Mass Appraisal**.

### Sales Approach

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

### Cost Approach

This method of appraising property is based on how much it would cost today to build an identical structure on the property. If the property is not new, we must also determine how much value the building has lost over time (depreciated).

### Income Approach

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

## **Mass Appraisal**

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

## **Market Value and Taxable Value – What’s the difference?**

When you receive a Notice of Appraised Value from the appraisal district, you will see a listing of market value both from last year and proposed for this year for your land and improvements. If you have a residential homestead exemption on your property, you might notice that your taxable value is less than your market value. That’s because Texas law provides that the taxable value of a residence homestead property can only increase by ten percent per year, regardless of how much the market value increases. Your taxable value may increase at a rate of ten percent per year until it matches the district’s appraised market value.

If you have applied for and are receiving a special valuation for agricultural, timber or wildlife management use on your land, you will also see the productivity value that has been assigned to your property. In this case, your taxes will be based upon productivity value rather than the market value of the property. Special valuations only apply to the land and not to any improvements (buildings or structures) on the property.

## **How can appraised values change from year to year?**

Property tax is “Ad Valorem”, which means “based upon value”. When the market value of a property changes, so may its appraised value. Your property’s market value can change as a result of the current real estate market or because of changes you have made to the property, making it more valuable. A rapidly growing real estate market may cause a rapid increase in property value.

## **What if I disagree with the value placed on my property by the appraisal district?**

If you disagree with the value that has been proposed on your property, you should contact our office within thirty days of the date located on the Notice of Appraised Value. If you are not satisfied with the explanation that you have been given, you have the right to file a formal protest with the Appraisal Review Board (ARB). The ARB is a panel of local citizens that will listen to the evidence presented by both you and the appraiser and make a determination regarding the issues you have protested.

## **What about my oil or gas property?**

The value of your oil or gas property is based upon the reserves left in the ground rather than the amount of money you received in the last calendar year. Mills CAD contracts with Pritchard & Abbott Inc. to appraise these complex properties. You can find more information at their website: [www.pandai.com](http://www.pandai.com).