

## HOW'S MY PROPERTY APPRAISED?

At least once every three years, each parcel of property in Lipscomb County is visited and reviewed by an appraiser from the appraisal district in accordance with Texas Law.

During the 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.

Appraisal district appraisers never ask to inspect your home from the interior.

Typically, an appraiser will validate the:

- Size of your improvements
- Construction quality of your improvements, and physical condition of your improvements.

Lipscomb CAD appraisers will never ask to inspect the inside of your home. If there is an interior problem with your home you may ask the appraiser to look at it, or provides pictures for the appraiser's consideration.

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

- Sales comparison/market approach
- Cost approach, or the
- 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 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 (or profit) that could be reasonably expected on the property.

## **Mass Appraisal**

There are basically only 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 market areas, neighborhoods, subdivisions, and large groupings of similar properties are appraised at one time adopted standards.

## **Oil or gas property**

The value of oil and gas property is based on the reserves, not the amount of money you received in the last calendar year. Lipscomb CAD contracts with an outside appraisal firm who appraises our oil and gas properties. If you have any questions about this process the staff at Lipscomb CAD can put you in contact with the appraisal firm.

## **Market Value -Taxable Value-What's the Difference?**

When you receive a Notice of Appraised Value from the appraisal district in April (or May), you will see a listing of market values 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 or timber use on your land, you will also see the productivity value that has been assigned to your property. In this case, your taxes in October will be based upon the productivity value rather than the market value of the property.

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

Property tax is "ad valorem," which means "according to 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 economy in general or because of changes you have made to the property, making it more valuable. A sluggish economy, slow growth, and no demand or few potential buyers in the market may cause a decline in property values. A growing economy with rapid growth may cause a rapid increase in property values.

## **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 our property, you should contact the appraisal district within thirty days of receiving a Notice of Appraised Value. If you are not satisfied with the explanation that has been given to you, 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 evidence presented by both you and the appraisal district and make a determination regarding the issues you have protested.

## **Appraised Value and Tax Rate**

Appraisal districts only determine your appraisal, not your tax amount. They are only responsible for determining what the market value of your property was on January 1. Tax rates are set by local government entities. Each has an assessor-collector or tax office to handle assessment and collections. Once the chief appraiser certifies the appraisal roll to the taxing jurisdictions (county, city, school district, etc.) these local governments' entities then set the tax rate upon which the amount of property tax you owe is calculated. Most taxing jurisdictions are required to publish a notice in a local newspaper regarding proposed tax rates and must allow public discussion prior to adopting tax rates.

For more information, contact us at:

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