

How is my Property Appraised?

Per state law each property parcel in Somervell County is valued by an appraiser from Somervell CAD at least once every three years.

The purpose of the visit is to ensure that the Appraisal District has accurate information about the property including any changes made to the property (new buildings, swimming pool, etc.) since the last visit, and to observe the condition of improvements (structures) on the property.

Somervell 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 provide pictures for the appraiser's consideration.

During their visit the appraiser will seek to verify the size, construction quality and physical condition of your improvements. Somervell CAD then uses this information to determine the market value of your property in the condition it was in on January 1st of the year using three appraisal methods

1. Sales Comparison or Market approach.
2. Cost approach
3. Income approach.

The appraisal district must use the applicable features of each method and apply them uniformly to similar properties. This process is known as **mass appraisal**.

Sales Approach

Using this method the appraisal district determines the value of properties by studying recent sales of similar properties. To do this the appraisal district must maintain records of sales information in the county in order to arrive at accurate property values.

Cost Approach

Using this method the appraisal district must calculate how much it would cost to build an identical structure on the property today then subtract out depreciation for any building that is not new.

Income Approach

Using this method the appraisal district arrives at a value for an income producing property based on an analysis of income from the property and expenses, such as operating expenses and maintenance costs that go into the property.

Mass Appraisal

There are two types of appraisals. One is known as *fee appraisal* and the other is *mass appraisal*. Each type uses the same principles, however fee appraisal is used to determine the value of one property, whereas mass appraisals are used by the appraisal district to determine values for large groupings of similar properties such as counties and subdivisions.

How is oil and gas property appraised?

The value of oil and gas property is based on the reserves, not on the amount of money you received in the last calendar year. Somervell 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 Somervell CAD can put you in contact with the appraisal firm.

What's the difference between Market Value and Taxable Value?

Market Value is the value placed on your property by the appraisal district using one or a combination of the appraisal methods. This value is what the appraisal district believes a property would sell for on the open market. Taxable Value, on the other hand, is the value a property is being taxed on. There are a couple of reasons that these two values can be different. First, if a property has a Residence Homestead Exemption on it the taxable value can only increase by 10% each year regardless of how much the Market Value increases. This is meant to protect home owners from large tax increases in any given year. The Taxable Value of the property may increase by 10% each year until it matches the Market Value. The difference in these values is called the Homestead Cap Loss. Second, if a property is under special valuation for agriculture, timber, or wildlife management

the Taxable Value of the property will be based on the productivity value of the land, not the Market Value.

How can appraised value change from year to year?

A property's appraised value can change for two reasons. One, adding improvements or fixing up existing improvements will most likely lead to an increase in the appraised value of a property. Two, if the economy is doing poorly and home prices fall appraised value will probably decrease, while an improving economy would probably be accompanied by an increase in appraised values.

How does a taxpayer dispute the value placed on their property?

If a taxpayer disagrees with the value placed on their property they should contact the appraisal district and speak to an appraiser. The property owner can tell the appraiser why they believe the value is incorrect. If the appraiser agrees with the property owner they can make changes to the property's value. If the appraiser doesn't agree the taxpayer can then file a formal protest with the Appraisal Review Board. The protest should be filed within 30 days of receiving a Notice of Appraised Value, or, if the taxpayer did not receive a Notice, by the end of May, otherwise the protest will be considered late and must meet additional criteria in order to get the value changed.

How are property taxes calculated?

First, the appraisal district determines what the market value is for all properties in the county. Once the values are set the appraisal district gives this information to the taxing entities (School Districts, County, Cities, etc.) who then adopt tax rates based on the taxable value of properties and the amount of money they need to collect to fund their operating budgets. The rates are typically adopted in August or September after public hearings are held. After rates are set the tax amounts for each property are then calculated. Here is a quick formula that shows how this is done:

Market Value-Exemptions = Taxable Value

$$\frac{\text{Taxable Value} \times \text{Tax Rate}}{100} = \text{Amount Owed}$$

How can taxpayers reduce their tax burden?

For qualified taxpayers exemptions are the best way to reduce their tax burden. The most common exemption is the Residence Homestead Exemption for homeowners which must be applied to the property the taxpayer lives at. There are also exemptions for disabled veterans which can be applied to any property owned by the veteran. Taxpayers can also apply for special valuation for agricultural production or wildlife management which bases the properties taxable value on its production capability rather than on its market value.

For more information please contact:

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