

## What we do and why we do it.

The Texas Constitution requires all property to be taxed at its market value unless the property is exempted by federal and/or state law.

In 1979, the Texas Property Tax Code was created by the 66<sup>th</sup> Texas Legislature. Before the enactment of the Property Tax Code, a single property could have a different taxable value assigned to it by each taxing unit that the property was located, and the property owner would have to deal with each taxing unit that appraised the property for matters such as value issues, exemptions, etc. The new tax code required that an appraisal district be established in each county for the purpose of appraising all taxable properties within the county with a single taxable value and to administer the code.

RCAD is responsible for the appraisal of all properties in the 24 taxing jurisdictions located within Rusk County.

## How's my property appraised?

At least once every 3 years, each structure in Rusk County is physically reviewed and inspected by an RCAD appraiser in accordance with Texas Law.

During that inspection, the appraiser reviews the property's characteristics and records any changes from the last review cycle. The appraisers review the exterior condition of your improvements (houses or buildings). Changes may include the addition or removal of improvements such as a new barn, swimming pool, etc.

RCAD appraisers will never ask to inspect your home from the interior. If your property has an interior problem that is not visible from the exterior, the appraiser may inspect the problem with you present only after administrative approval.

Typically, an appraiser will validate the:

- The size of your improvements,
- The construction type and quality of your improvements, and

- The improvement's physical condition.

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

- Sales comparison/Market approach,
- Income approach, or the
- Cost approach.

Most residential properties and land are valued by using the sales/market approach. RCAD collects and analyze sales information received and verified during the year. Sales received that do not meet the definition of market value or is not an arms-length sale are not used in our models. Once the sales are verified, we adjust them to January 1 of the tax year and apply them to models for each type of property. Using the information from these models, schedules are produced and applied to the properties.

Income producing properties, such as apartment buildings, hotels, etc., may be appraised using the income approach. This approach determines value through analysis of income to determine market value. Consideration is given for operating expenses, maintenance cost, and the return (or profit) that could be reasonably expected on the property.

Special type properties that have no comparable sales and do not produce income usually will be appraised by the cost method. This method is based on what the property would cost to build new, less depreciation.

## Mass Appraisal vs. Fee Appraisal

Because appraisal districts assigns values on a large number of properties annually, the district must utilize applicable features of each of the three methods and apply them uniformly to similar properties in a process known as **mass appraisal**. Mass appraisal values the entire county where market areas, neighborhoods, subdivisions, and large groupings of similar properties are appraised at one time by adopted standards. **Fee appraisals**

utilize the same three methods, but only for a single property. Fee appraisals are typically used to secure loans when buying or refinancing real properties.

## Oil and Gas Properties

RCAD contracts with an appraisal firm that specializes in the appraisal of mineral properties. A number of factors are used in the appraisal process of these complex properties. If you need additional information concerning your mineral appraisal, the district can direct you to a representative to explain the appraisal method to you.

## Market Value vs Taxable Value

The market value is the value placed on the property based on indicators within the market area and applied to properties with the mass appraisal method. The market and taxable value may be the same value. Taxable values lower than the market values are due to exemptions, special use or other reductions applied to the market value.

## Disagree with your value?

If you disagree with the value on your property, you should contact the appraisal district. In most cases you have until June 1 or 30 days of receiving a Notice of Appraised Value from RCAD. If you are not satisfied with the district's explanation, you have the right to file a protest with the Appraisal Review Board (ARB). The ARB is an independent body consisting of citizens from Rusk County who will hear your case and make a determination based on the evidence presented by you and the district

## You agree with the value, but not your taxes

**RCAD ONLY determines your property's value.** We do not assess taxes. The tax rates are set by each taxing jurisdiction (County, Schools, Cities, etc.). Your tax burden is based upon the tax rates the taxing units adopt to fund their operating budget. Tax rates are set in August or September after public hearings are held by each taxing jurisdiction.