

## How Is Property Appraised?

As per the Texas Property Tax Code, at least once every three years, each parcel of property in San Augustine County is visited and reviewed by an appraiser from the appraisal district.

During the visit, the appraiser reviews property characteristics and records for any changes from the last review cycle. (For example, if an improvement has been added or removed.) The appraiser also looks closely at improvements (houses or buildings) to see if there is any change in the exterior condition of the property.

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

Typically, an appraiser will validate the:

- Size of improvements
- Construction quality of improvements and
- Physical condition of improvements

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

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

- Sales comparison/market approach
- Cost approach of
- 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 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 by adopted standards.

## What About Oil Or Gas Property?

The value of oil or gas property is based upon the reserves left in the ground rather than the amount of money received in the last calendar year. If more information about the appraisal of this complex property, the appraisal district can provide someone to explain the appraisal method.

## Market Value And Taxable Value

### What Is The Difference?

When a Notice Of Appraised Value is received 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 land and improvements. If there is a residential homestead on the property, the taxable value might be less than market value. That's because Texas law provided 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. (Taxable value may increase at a rate of ten percent per year until it reaches the district's appraised market value.)

If a taxpayer has applied for and is receiving special valuation for agricultural, timber or wildlife management use on land, the productivity value that has been assigned to the property will be seen. In this case, 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 "based upon value." When the market value of a property changes, so may its appraised value. The property's market value can change as a result of the economy in general or because of changes made to the property, making it more valuable. Ratios are conducted annually and schedules are adjusted per the sales.

## What If I Disagree With The Value Placed On My Property By The Appraisal District?

If the property owner disagrees with the value that has been proposed on his or her property, he or she should contact the appraisal district within thirty days of receiving a Notice Of Appraised Value. If not satisfied with the explanation that has been given, he or she has 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 the taxpayer and the appraisal district and make a determination regarding the issues protested.

## Appraised Value And The Tax Rate

Appraisal district appraisers are not the tax collector and have nothing to do with the total amount of taxes assessed.

The appraisal district is only responsible for determining the market value of property as of January 1.

The taxing jurisdictions (county, city, schools and hospital districts) determine the tax burden based upon the tax rates they adopt to fund their operating budgets. These tax rates are expressed as a dollar amount for every \$100 of taxable value and are adopted every year in August or September after public hearings.

## How Are Taxes Calculated?

Taxes are calculated by dividing taxable value by one hundred and multiplying by the jurisdiction's tax rate. For example:

Market Value	\$100,000
Less Exemptions	-15,000
Taxable Value	\$85,000
Tax Rate	0.46/100
Assessed Taxes	\$391.00

## Is There Anything That Can Be Done To Lessen A Tax Burden?

There are a variety of exemptions that are available to homeowners and disabled veterans. If a taxpayer owns a farm or ranch or grows some type of crop or timber he or she may be eligible to receive a special valuation under the provisions of open space land where taxes will be based upon the land's productivity capability rather than its market value.

For more information, visit our website or contact us:

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