

HOW IS YOUR PROPERTY APPRAISED?

Property Tax Administration

In Texas, all real and tangible personal property that this state has jurisdiction to tax is taxable unless exempt by law.

This state has jurisdiction to tax real property if located in this state.

This state has jurisdiction to tax tangible personal property if the property is

1. Located in this state for longer than a temporary period;
2. Temporarily located outside this state and the owner resides in this state; or
3. Used continually, whether regularly or irregularly, in this state.

The Texas Tax System is an ad valorem tax, meaning "according to value". The basic principle is property is valued based on 100% of market value unless otherwise provided by legislative exception.

The Briscoe County Appraisal District (BCAD) appraise a large universe of properties by developing appraisal models. The district uses mass appraisal techniques in appraising the universe of properties. Mass appraisal is a systematic of a group of properties as of a given date (January 1) using a set of standardized procedures and statistical testing.

In order to employ a system of ad valorem taxation, two basic functions must take place. First, a taxable value for the property is determined each year. Second, local taxing jurisdictions such as cities, schools, counties, and other entities authorized to levy a property tax need to apply a tax rate to that value in order to calculate the amount of taxes due for that year on that property.

In 1979, the Texas legislature created appraisal districts in each county. One of the primary roles of appraisal districts is to annually determine the market value of all of the properties, also referred to as tax parcels, within its boundaries. Once established, these values are certified to the assessor/collector for each taxing jurisdiction in the form of an appraisal roll. At this point the assessor calculates the no new revenue tax rate and the voter approval rate for their entity. The elected officials of each taxing unit adopt a tax rate. The assessor applies the tax rate set by the governing body to the appraisal roll, which then becomes the tax roll. The collector then prints and sends the tax bills for the tax roll, thus beginning the collection process. At this time, the duties of the assessor/ collector are performed by the appraisal district.

Calendar of Events

The property tax system in Texas works from a calendar of events. You can find an example of the Texas Property Tax Calendar at:

<http://www.window.state.tx.us/taxinfo/proptax/taxcalendar/index.html>

Appraisal Districts

Appraisal districts are administered by a chief appraiser. Assisted by district staff, the chief appraiser oversees the day-to-day operations of the district. The function of the appraisal district is to appraise properties and administer exemptions. You can find more information regarding appraisal districts at:

<http://www.window.state.tx.us/taxinfo/proptax/appd.html>

Value

Appraisal districts follow the provisions of the Texas Property Tax Code. The Tax Code requires, unless otherwise provided, that all taxable property be appraised at its market value as of January 1st of that tax year. The Tax Code defines *market value* as: The price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- Both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Exemptions

While they do not affect the market value of the property, exemptions exempt or excuse a portion of the value of the property from taxation. Homestead exemptions apply only to the property owner's principle residence. Homestead exemptions include a general homestead, over age 65 homestead, disabled person homestead, and 100% disabled veteran's exemption. You can find more information regarding exemptions at:

<http://www.window.state.tx.us/taxinfo/proptax/exemptions.html>

Notices

Every year before May 15th, the Briscoe County Appraisal District delivers a “Notice of Appraised Value” to every property owner whose value increased more than \$1,000. This appraisal notice communicates to the property owner important information such as:

- The prior year’s certified value
- The current year’s proposed value
- Any exemptions or special valuations granted
- The property owner’s protest deadline

These annual notices also include other important pieces of information of interest to the property owner.

Valuations

Define the Problem

The assignment of the Briscoe County CAD is to develop annual valuations for every property located within Briscoe County at market value with the effective date of January 1st. The Texas Property Tax Code instructs appraisal districts to use generally accepted appraisal methods when valuing property, but it also requires them to consider each property’s “individual characteristics when determining the property’s market value”.

Plan the Appraisal Project

District appraisers must plan their work so they can collect and analyze the characteristics of their assigned properties and their market areas within the time frame set by the property tax calendar. Generally, appraisers must allow enough time to physically inspect their properties, collect and analyze market data, and resolve any differences in the data prior to finalizing the proposed valuations necessary for the delivery of the Notice of Appraised Value.

Data Collection

After the appraisal roll has been certified in late July, the next year’s appraisal project can begin. Appraisers review the prior year’s work and begin to identify and develop data sources for the new appraisal. These data sources include maps, cost, sales, listings, income, and expense information, publications and field inspections, as well as other sources.

Data Analysis

Utilizing the data collected, the appraiser then considers the characteristics of each property including among other things, its use, site, zoning, improvements (buildings), and locational influences as well as comparable sales and listings.

RECONSILIATION

Appraisers then apply the data to three different methods of appraising property. They are commonly referred to as the three approaches to value:

- a. With the Cost Approach, using cost data, appraisers can develop cost manuals and depreciation schedules.
- b. With the Direct Sales Approach, using sales data, appraisers establish benchmark properties for comparison analysis.
- c. With Income Approach, the appraiser develops economic rents, expense allowances, and discount and recapture rates.

The reconciliation process attempts to resolve differences in the results of the three approaches based on the reliability and credibility of the data. The reconciliation of the three approaches tends to be different depending on the type of property being appraised. You can find a more detailed explanation of the valuation process of the four major property types (land, residential, and business personal property) of the Texas Property Tax System at:

<http://www.window.state.tx.us/taxinfo/proptax/basics/96-14525.pdf>

In Texas, property owners can protest, or appeal, any action taken by the appraisal district that adversely affects the property owner. These protests are adjudicated by the Appraisal Review Board (ARB), a citizen's board, whose members are appointed by the Board of Directors. The ARB oversees the appraisal records, and hears the protests and appeals. The most common reasons for filing protests concern market value and the uniformity of the district's appraisals.

Residential Property Valuation Process

What Is Residential Property?

Residential Property as defined by the American Institute of Real Estate Appraisers, is "A property consisting of a vacant or improved parcel of land devoted to or available for use primarily as a place of abode, such as a single-family home".

Residential properties are throughout the county and can include such property types as a single-family dwellings, duplexes, mobile homes, as well as others.

The Appraisers

Residential appraisers meet the requirements of the Texas Department of Licensing and Regulation (TDLR), and pursue continuing education training through the International Association of Assessing Officers (IAAO), Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD), and other professional organizations. Some residential appraisers hold additional certifications, licenses and college degrees.

The assignment of each residential appraiser is to develop annual valuations for residential properties at market value as defined by the Tax Code. Residential appraisers use generally accepted appraisal methods and techniques and mass appraisal standards in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) using similar methods and techniques for similar properties while also considering the individual characteristics of each property. Appraisal assignments for residential appraisers are based on property type and are geographically assigned by school districts.

Data

Residential appraisers collect and utilize data to be used in their valuations. Some of the collected data includes:

- Verified sales of properties
- Information Obtained from on-site inspections
- Building permits
- Discovery forms
- Survey letters sent to buyers and sellers
- Fee appraisal
- Closing statements
- Aerial photography
- Actual construction cost data
- Market data publications and informational data bases
- Mapping changes and surveys
- Aerial photographs
- Protest hearings and informal interviews with property owners
- Deed activity (including mechanic liens)

District staff collects information from other sources including property owners, neighbors, the internet, real estate agents, brokers and their websites, construction professionals, appraisers and other sources.

Identifying and Updating Relevant Property Characteristics

The Districts creates and maintains an appraisal record for each residential classified property. The appraisal records will include the owner's name and address, property legal description, parcel identifiers, appraised value of land and improvements, applicable exemptions, tax year and other such information required by statute or deemed necessary by the District. The date of the last inspection, notes of inspection as deemed appropriate, and the appraiser responsible is listed in the appraisal record.

Discovery: New Construction, Remodeling, Reconfiguration and Demolition

The residential appraisal staff locates and appraises all new construction, planned renovations, and demolition utilizing:

- Planned physical inspections
- Building plans
- Building permits
- Information from property owners
- Taxing jurisdictions, tax agents, real estate professionals
- Real estate publications and media services
- Oblique imagery, orthographic imagery

Field Review and Inspections

Each appraiser is responsible for conducting inspections of their assigned properties which includes the review of property characteristics, such as: building class, quality of construction, physical improvement characteristics significantly to the market value, and other observable factors or conditions deemed relevant to or influencing the valuation of the property.

Re-inspection of Neighborhoods

A general reappraisal of all residential property is conducted annually, utilizing a sales ratio study for each neighborhood. The selections process to facilitate a physical inspection of residential property to ensure a re-inspection is performed at least once every three years is completed using a combination of resources and tools to determine those properties which are slated for re-inspection.

Defining Market Areas

Neighborhood identification and delineation is the cornerstone of the residential valuation system. All residential analysis is neighborhood specific. Neighborhoods are visually inspected to verify delineations based on observable aspects of homogeneity such as quality of homes, lot size, price point, etc. Sub-neighborhoods may be created when external influences create a marked difference between a smaller group of properties within a neighborhood. Sub-neighborhoods may include positive or negative influences such as a busy street, power lines, adjacent commercial influences, water fronts, and greenbelts.

Sales Data

Briscoe CAD receives a copy of all deeds recorded in Briscoe County. For those properties involving a transfer of ownership, a sales file is produced and a verification letter is mailed to the grantee and/or grantor in the transaction. In other instances, sales verification can be obtained from other sources including: brokers, agents, appraisals, as well as local, regional and national real estate and financial publications. Finally, closing statements are often provided during the hearing process. The actual closing statement is the most reliable and preferred method of sales verification.

The Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the sales comparison approach is most frequently referred to as the market approach. This approach is utilized not only for estimating land value, but also in comparing sales of similarly improved properties to parcels on the appraisal roll. As previously discussed in the Data Collection section, pertinent data from actual sales, both vacant and improved, is pursued through the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the cost approach, rates and multipliers used in the income approach, and as a direct comparison in the sales comparison approach. Improved sales are also used in ration studies, which afford the appraiser an excellent means of judging the present level and uniformity of appraised values.

The Cost Approach to Value

Cost tables are developed based on the Marshall & Swift Valuation Service. The tables include the replacement cost new (RCN) based on the improvement category and class, as well as adjustments for certain property characteristics, and also lists the expected economic life of the improvement category.

Depreciation schedules are utilized based on the range of expected economic life spans of the property categories being appraised. Actual and effective ages of improvements are maintained in the appraisal records. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

The Income Approach to Value

The income approach to value is used for properties which are typically viewed by market participants as income producing.

Valuation and Statistical Analysis (Model Calibration)

Although the District recognizes all three approaches to value and considers the cost approach as an acceptable method, the District's primary approach to the valuation of residential properties uses a hybrid "cost" sales comparison approach. This approach allows for adjustments at the neighborhood level to replicate market influences not captured in the base building class pricing tables. The neighborhood adjustment takes into consideration the location of the market area, physical attributes (size, age and condition of the properties), and all legal and economic attributes that may affect values within the market areas, as well as any other enforceable restrictions. The following equation denotes the hybrid model used:

$$MV = LV + NBHD \text{ mod } (RCN-D)$$

Whereas, the market value (MV) equals land value (LV) plus the neighborhood modifier (NBHD mod) times the replacement cost new (RCN) less depreciation (D).

Residential land values are primarily done using the base lot method, which establishes the value of the standard or base lot, within each delineated neighborhood. The sales comparison analysis, when applicable, or in areas where insufficient vacant land sales exist, the abstraction method will be used to establish base lot values within a neighborhood and a land table will be created. Land tables are utilized to store a base lot mass pricing code and base lot value. Land adjustments are applied on individual properties, where necessary, to adjust for such influences as location, shape, size and topography and among others.

Neighborhood adjustments are developed from appraisal statistics provided by ration studies and are used to ensure that estimated values are consistent with the market. Each sale procedures a ratio by dividing the appraised value by the confirmed sales price. The ratios are arrayed in descending order and the median ratio is identified. A neighborhood factor is calculated to appraise the sold properties within the neighborhood at approximately 100% of the median ratio relative to their appraised value. Once tested, the neighborhood factor is applied to both sold and unsold properties within that neighborhood to insure equitable and accurate market values. Sales used to determine the neighborhood factor will reflect the market influences and condition for the properties within a neighborhood, thus producing representative and equitable values.

In gaining neighborhoods, where homes have been maintained at various levels of ongoing maintenance, an effective age adjustment may be applied by the appraiser which may have an effect on the depreciation in a positive or negative manner.

Reconciliation

Appraisers are required to take reasonable steps to ensure that the quantity and quality of the factual data that are collected are sufficient to produce credible appraisals. Therefore, appraisers consider all three approaches and then determine which will yield the most credible results for their properties which share common influences of value. The appropriateness of each approach varies with the type of property under consideration.

Special Appraisal Provisions

The Texas Property Tax code provides for special appraisal provisions and exemptions including:

- Section 23.01 (d) of the Tax Code states: "The market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property."
- Section 23.12 of the Tax Code provides the definition of market value and inventory: "The market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business. An inventory shall include residential real property which has never been occupied as a residence and is held for sale in the ordinary course of a trade or business, provided that the residential real property remains unoccupied, is not leased or rented, and produces no income."
- Section 23.23 of the Tax Code allows for the limitation of the appraised value of a qualified residence homestead and is often referred to as the homestead cap value.
- Section 23.41 of the Tax Code allows for land designated for agricultural use to be appraised at its value based on the land's capacity to produce agricultural products if specific eligibility requirements are met.
- Abatements- The Tax code also provides for a local agreement between a taxpayer and a taxing unit, other than a school district, that may abate all or part of real property, generally commercial property, and/or tangible business personal property from taxation.

Commercial Property Valuation Process

What is Commercial Property?

Commercial property refers to those real properties generally associated with business that sells goods or services to the general public or businesses that add value to a product through development, manufacturing, fabrication or processing of that product. Commercial properties are non-residential and non-agricultural properties usually found in areas zoned for business purposes. They include such property types as office, retail, industrial, hospitality, medical, and apartments, as well as others.

The Appraisers

Commercial appraisers meet the requirements of the Texas Department of Licensing and Regulation (TDLR), and pursue required continuing education training from qualified professional organizations. Some commercial appraisers have obtained advanced degrees or additional designations obtained from well-known organizations such as the Appraisal Institute and International Association of Assessing Officers (IAAO).

The assignment of each commercial appraiser is to develop annual valuations for commercial properties at market value as defined by the Tax Code located within the boundaries of Briscoe County. Commercial appraisers use generally accepted appraisal methods and techniques and mass appraisal standards in compliance with USPAP using similar properties while also considering the individual characteristics of each property. Appraisal assignments for commercial appraisers are based on property category or property type.

Data

Commercial appraisers collect and utilize data to be used in their valuations. Examples of collected data include:

- Verified sales of properties
- Pertinent data obtained from each (sales price levels, capitalization rates, income)
- Multipliers, equity dividend rates, marketing period, etc.
- Observations and data discovered by on-site inspections
- Actual construction cost data
- Actual income and expense data
- Leasing information (commissions, tenant finish, Length of terms, etc.)
- Market data publications and informational data bases
- Mapping changes and surveys
- Aerial photographs

The district also subscribes to the Caprock Courier and Valley Tribune to gather general and property specific information from print and online new sources. District staff also collects information from other sources including property owners, neighbors, the internet, real estate agents, broker, construction professionals, and appraisers.

Discovery

The commercial appraisal staff locates new construction, planned renovations, building expansions, and demolition utilizing:

- Planned physical inspections
- Building plans
- Certificates of occupancy
- Information from property owners
- Taxing jurisdictions, tax agents, real estate professionals
- Real Estate publications and media services
- Oblique imagery, orthographic imagery
- Business personal property links

Field Review and Inspections

Each appraiser is responsible for conducting inspections of their assigned properties which includes the review of property characteristics, such as:

- Building class
- Quality of construction
- Physical improvement characteristics
- Square footage
- Condition
- Physical
- Functional and economic obsolescence facts contributing significantly to the market value
- Other observable factors or conditions deemed relevant to or influencing the valuation of the property

Defining Market Areas – Geographic Analysis

Commercial real estate in Briscoe County consists of a wide variety of commercial property types including offices, retail, industrial, and apartments. Market analysis is used to identify, classify, and organize comparable properties into smaller, manageable subsets.

Valuation

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. In many, if not most instances, the property's current use is the same as its highest and best use.

Sales Data

The BCAD examines deeds recorded in Briscoe County. For those properties involving a transfer or ownership, a sales file is produced and verification of the conditions of the sale is undertaken. A sales verification letter is mailed to the grantee and grantor in the transaction. In other instances, sales verification can be obtained from other sources including: brokers, agent and appraisals. Additionally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

The Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the sales comparison approach is most frequently referred to as the market approach. This approach is utilized not only for estimating land value, but also in comparing sales of similarly improved properties to parcels on the appraisal roll. As previously discussed in the Data Collections section of this plan, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the cost approach, rates and multipliers used in the income approach, and as a direct comparison in the sales comparison approach. Improved sales are also uniformity of appraised values.

The Cost Approach to Value

Cost tables are developed based on the Marshall & Swift Valuation Service. The tables include the replacement cost new (RCN) based on the improvement category and class, as well as adjustments for certain property characteristics, and also list the expected economic life of the improvement category.

Depreciation schedules are utilized based on the range of expected economic life spans of the property categories being appraised. Actual and effective ages of improvements are maintained in the appraisal records. Effective age estimates are based on the utility of the improvements relative to where the improved lies on the scale of its total economic life and its competitive position in the marketplace.

The Income Approach to Value

The income approach to value is used for properties which are viewed by market participants as income producing.

The first step in the income approach is the estimation of potential market rent 100% occupancy which is derived for actual rent data, asking rent data, and local market study publications.

Next, any potential secondary income is considered. Secondary income represents reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The total of base rent and secondary income is called the potential gross income (PGI).

Next, a projected vacancy and collection loss which accounts for periodic fluctuations in occupancy is established from actual data furnished by property owners and local market conditions. Subtracting the projected vacancy and collection loss from the PGI leave the effective gross income (EGI).

Next, allowable expenses and expense ratio estimates are calculated based on a study of the local market, with the assumption of prudent management. Operating expenses are classified as typical operating expenses associated with a specific category of property. Subtracting the allowable expenses from the effective gross income yields a estimate of net operating income (NOI).

Capitalization rates (R) are used to convert the net operating income (NOI) to value. These rates are derived from the analysis of sold properties, financial reports, and real estate publications. The net operating income (NOI) divided by the capitalization rate (R) equals the value.

$$V = \text{NOI} / R$$

Reconciliation

Appraisers are required to take reasonable steps to ensure that the quantity and quality of the factual data that are collected are sufficient to produce credible appraisals. Therefore, appraisers consider all three approaches and then determine which will yield the most credible results for their properties which share common influences of value. The appropriateness of each approach varies with the type of property under consideration.

Special Appraisal Provisions that Affect Commercial Property

The Texas Property Tax Code provides for special appraisal provisions including:

- Section 23.01 (d) of the Tax Code states “The market value of a residence homestead shall be determined solely on the basis of the property’s value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.” This section restricts the valuation of commercial property with a residence homestead.
- Exemptions – The Tax Code provides for an exemption from taxation for commercial properties which fulfill certain requirements as listed in Chapter 11, Subchapter B. Examples would be charitable or religious organizations.
- Abatements – The Tax Code provides for a local agreement between a taxpayer and a taxing unit that may abate all or part of real property, generally commercial property, and/or tangible business personal property for taxation.
- According to the Texas Constitution, “Taxation must be **equal and uniform**. No single property or type of property should pay more than its fair share.”

Section 42.26 provides remedy for unequal appraisal. The property taxes each property owner pays are based on the value of property they own. For instance, if a property is worth half as much as a neighboring property (after any exemptions that apply) the tax bill of the property should be one-half that of the neighboring properties. This means that uniform appraisal is very important.

Business Personal Property Valuation Process

What is Personal Property?

According to the Texas Property Tax Code, tangible “Personal Property” means property that is not real property. A well-known appraisal textbook, Property Assessment Valuation, defines personal property, as “all movable items not permanently affixed to or a part of the real estate.” There are four different types of personal property appraised by the district:

- Business personal property (BPP)
- Leased assets at multiple locations
- Commercial aircraft
- Vehicles

The Appraisers

Briscoe County appraisers meet the requirements of the Texas Department of Licensing and Regulation (TDLR), and pursue continuing education training in the Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD), and other professional organizations. Appraisal assignments for Briscoe appraisers are based on geographic areas.

Data

Data characteristics for each account are collected by appraisers in the field, by phone, and other pertinent sources. These property characteristics are used to assist the appraisal staff in determining market value.

Data Collection Procedures

District appraisers collect appraisal data in a variety of ways. The use of renditions is by far the most important method of discovering business personal property. A rendition is a listing form filed by a taxpayer in which the taxpayer declares the business personal property owned by the business. In Texas, all business personal property owners are required to file a rendition with the appraisal district by April 15th of each year. Newspapers business owners and residents provide discovery information and other useful facts related to discovery and valuation.

Valuation

Highest and Best Use Analysis

The highest and best use of property is the most reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive. The highest and best use of business personal property is normally its current use.

The Cost Approach to Value

The District's primary approach to the valuation of business personal property is the cost approach. The cost approach utilizes the following formula:

Replacement Cost New (RCN) – Depreciation = Value

Cost Schedules

The replacement cost new (RCN) is developed from actual historical costs reported by the property owner or from BCAD developed valuation models. The cost schedules are developed according to property types using property owner renditions. Settlement and Waiver of Protests documentations, Appraisal Review Board (ARB) hearing evidence, Texas Comptroller schedules, and published guides.

Depreciation

Depreciation is a loss in value of an asset with the passage of time, due in particular to wear and tear. The tending factors used by BCAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by BCAD are also based on published valuation guides. Index and percent good depreciation are used to develop present value factors (PVF), by year of acquisition, as follows:

$$\text{PVF} = \text{Index} \times \text{Percent Good Factor}$$

The PVF is used as an “express” calculation in the cost approach. The PVF is applied to reported historical cost as follows:

$$\text{Market Value Estimate} = \text{PVF} \times \text{Historical Cost}$$

Leased Assets at Multiple Location Accounts

Leased and multi-location assets are valued using the depreciation schedules mentioned above. If the asset to be valued is this category is a vehicle, then NADA published book values may be used.

Commercial and Business Aircraft

The Tax Code has a specific methodology for the valuation and/or allocation of all aircraft.

Special Inventory

The Tax Code provides a specific methodology for valuing this category of property. Valuation is based upon annual declaration filed by the property owner indicating the previous year’s Texas sales (used as the numerator) and divided by a factor of 12 (the denominator). This establishes a monthly basis consistent with the owner’s tax payment requirements. In the absence of an annual declaration, similar businesses that have filed declarations are identified and compared, with appropriate adjustments, to the subject property to establish an estimated market value.

PROPERTY TAX ASSISTANCE DIVISION PROPERTY CLASSIFICATION GUIDE

CODE	CATEGORY NAME	DESCRIPTION
A	Real Property: Single-Family Residential	Houses, condominiums and mobile homes located on land owned by the occupant.
B	Real Property: Multi-Family Residential	Residential structures containing two or more dwelling units belonging to one owner. Including apartments but not motels or hotels.
C	Real Property: Vacant Lots and Tracts	Unimproved land parcels usually located within or adjacent to cities with no minimum or maximum size requirements.
D1	Real Property: Qualified Agricultural Land	All acreage qualified for productivity valuation under Texas Constitution. Article VIII, 1-d, or 1-d-1.
D2	Real Property: Non-Qualified Land	Acreage that is not qualified for productivity valuation and is rural in nature
E	Real Property: Farm and Ranch Improvements	Improvements associated with land reported as Category D property, including all houses, barns, sheds, silos, garages, other improvements associated with arming or ranching and land separated from a larger tract for residential purposes.
F1	Real Property: Commercial	Land and improvements devoted to sales, entertainment or services to the public. Does not include utility property, which is included in Category J.
F2	Real Property: Industrial	Land and improvements devoted to the development, manufacturing, fabrication, processing or storage of a product, except for utility property included in Category J.
G	Oil, Gas, and Other Minerals	Producing and non-producing wells, all other minerals and mineral interests and equipment used to bring the oil and gas to the surface, to produce income.
H	Tangible Personal Property: Non-business Vehicles	Privately owned automobiles, motorcycles, and light trucks not used to produce income.
J	Real and Personal Property: Utilities	All real and tangible personal property of railroads, pipelines, electric companies, and other utility companies.
L1	Personal Property: Commercial	All tangible personal property used by a commercial business to produce income, including fixtures, equipment and inventory
L2	Personal Property: Industrial Wind Turbines	All tangible personal property used by an industrial business to produce income, including fixtures, equipment, wind turbines and inventory.
M	Mobile Homes and Other Tangible Personal Property	Taxable personal property not included in other categories, such as mobile homes on land owned by someone else. It also may include privately owned aircraft, boats, travel trailers, motor homes and mobile homes on rented or leased land.
N	Intangible Personal Property	All taxable intangible property not otherwise classified.
O	Real Property: Residential Inventory	Residential real property inventory held for sale and appraised as provided by Tax Code Section 23.12.
S	Special Inventory	Certain property inventories of business that provide items for sale to the public. State law requires the appraisal district to appraise these inventory items based on business's total annual sales in the prior tax year. Category S properties include dealers' motor vehicle inventory, dealers' heavy equipment inventory, dealers' vessel and outboard motor inventory and retail manufactured housing inventory.