

**2025 MASS APPRAISAL REPORT**  
**LIPSCOMB COUNTY APPRAISAL DISTRICT**

## INTRODUCTION

The purpose of this summary report is to aid the taxpaying public in better understanding the methods and techniques utilized by the Lipscomb County Appraisal District (LCAD) in the valuation and revaluation of taxable property within Lipscomb County. This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice. LCAD maintains a more detailed Operations manual for appraisal use.

LCAD is a Central Appraisal District formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the taxing entities within the District's Boundaries. Currently these taxing entities are as follows:

Lipscomb County

North Plains Water District

City of Booker

City of Darrouzett

City of Higgins

City of Follett

Booker Independent School District

Darrouzett Independent School District

Canadian Independent School District

Follett Independent School District

Booker Hospital District

Darrouzett Hospital District

Higgins/Lipscomb Hospital District

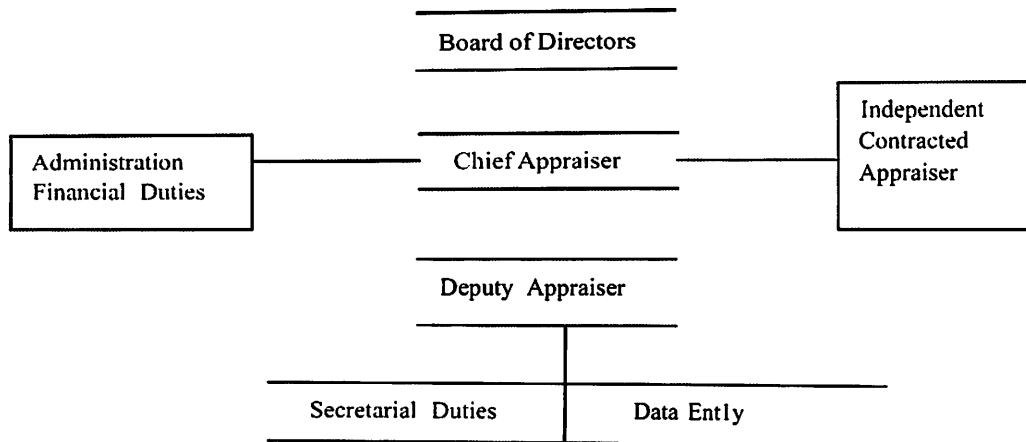
Follett Hospital District

Booker ISD and Booker City are entities which overlap between Lipscomb and Ochiltree Counties but due to legislative changes, LCAD no longer appraises beyond the county line. These counties have agreed to share information, data and ownership records of real property with Lipscomb County's Assessor/Collector. Higgins ISD and Canadian ISD consolidated July 1, 2020 and assumed the name Canadian ISD.

Lipscomb CAD was formed in 1981 and became active in 1982. As of December 2013, Lipscomb CAD has a total of two full-time staff positions, with one being a supervisory position and one part-time employee. None of the positions are full-time appraisers. Lipscomb CAD contracts with Morgan Ad Valorem for professional appraisal services in mineral and industrial properties. The staff members appraise all real property and personal property in the district.

Lipscomb CAD's organization chart is as follows. The chief appraiser reports directly to the board of directors and the deputy appraiser reports to the chief appraiser. The chief appraiser also manages the outside appraisal consultant.

#### Lipscomb CAD Organization



The Lipscomb CAD board of directors has no authority to set values or determine appraisal methods under Property Tax Code Section 6.05(a). The chief appraiser carries out the CAD's legal duties, hires its staff, performs appraisals and operates the appraisal office.

The Chief Appraiser is the chief administrative and executive officer of the appraisal district. The Chief Appraiser employs and directs the district's staff, oversees all aspects of the appraisal districts operations, and performs either directly or through the district staff on a variety of operations.

The Chief Appraiser's responsibilities are as follows:

1. Discover, list and appraise all property
2. Determine exemption and special use request
3. Organize periodic appraisals

Notify taxpayers, taxing units and public about matters that affect property values. LCAD is a small office consisting of the Chief Appraiser and Deputy Appraiser. The Chief Appraiser performs all the fieldwork on the appraisal of real and personal property. The Deputy Appraiser and Administrative Assistant assists the Chief Appraiser in the day to day operations of the District office.

The District employs the services of Morgan Ad Valorem Services, an appraisal firm, to appraise all minerals and industrials within the boundaries of the appraisal district. The District also uses Southwest Data Solutions for its data processing of all appraisal records. The certified market value for Lipscomb County was 495,100,202 with a total parcel count of 26,838.

The following represents a summary of property types appraised by the district for **2025**:

PTAD Classifications	Property Types	Property Count	Market Value
A	Single- Family Homes	1,263	58,022,248
B	Multi -Family Homes	17	1,403,576
C	Vacant Lots	543	447,753
D	Rural Land	2774	198,548,828
E	Farm & Ranch Improvements	440	15,197,753
F-1 F-3	Commercial Real Property	364	10,550,170
F-2	Industrial Real Property	38	2,405,660
G	Oil & Gas Minerals	20,871	287,074,653
J	Utilities	236	107,535,890
L-1	Commercial Personal Property	181	30,490,523
L-2	Industrial Personal Property	50	21,865,021
M-1	Mobile Homes	55	763,800
X	Exempt Property	93	8,105,630

### **Appraisal Operation Summary**

The district implemented the systematic review of properties located in Higgins City and all rural properties in Canadian ISD (reappraisal district one), Follett and Darrouzett Cities and all rural properties in Follett and Darrouzett ISD's (reappraisal district two) Booker City and Booker ISD rural properties (reappraisal district three) as planned in the reappraisal plan adopted by the Lipscomb County Appraisal District Board of Directors.

The district continued to identify, review and appraise properties with new construction throughout the district. Locate properties demolished and make appropriate adjustments to those accounts involved. Locate and value manufactured housing and calculate an appraised value for those items. Review commercial and industrial personal property accounts.

### **Property Discovery**

The district aggressively seeks to discover all newly constructed or added property each year through examination of:

- City building permits
- Files material/mechanics liens
- Mobile home installation reports
- Railroad Commission reports for oil and gas
- Field inspection discovery
- Septic tank permits
- Public (word of mouth)

### **Legislative Changes**

Lipscomb County Appraisal district reviews all legislation that may affect the appraisal district's operations. Once laws are passed, Lipscomb CAS responds in a timely matter updating records, forms and/or procedures.

## Exemption Data

Property owners may qualify for a variety of exemptions as provided by the Texas Constitution. Some of the most commonly occurring exemptions are described below. Other less occurring exemptions are available and described at the Comptroller's website <http://www.window.state.tx.us/taxinfo/proptax/exmptns.html>.

### Residential Homesteads

Entity	General	Over 65	Disability	DVHS
Lipscomb County	20% or 5,000	Freezes	Freezes	100%
Special Road/Bridge	3,000 & 20% or 5,000	Freezes	Freezes	100%
Hospital Districts	None	None	None	100%
Cities	None	None	Freezes	100%
ISD's	1000,000	10,000 Freezes	10,000 Freezes	100%
Canadian ISD	1000,000 plus 20%			
Water District	10,000	10,000 or 10%	Freezes	100%

Homestead applications for the 65 and older property owner, the disabled property owner, and surviving spouse of each of those (if the spouse is 55 or older) creates a tax ceiling prohibiting increase taxes on the homestead on existing building. Any new areas added to the home site will cause the ceiling to be readjusted in the next tax year.

All homeowners with qualified homesteads are subjects to the placement of a homestead cap which prohibits the increase of taxable value on the homesteads property to ten percent per year. Market value can still be reflective of the local real estate market.

### Disable Veterans

In addition of the residential homestead exemption allowable to disable veterans with a 100% service connected disability, disabled veterans are allowed a general exemption on any property they own based upon the percentage rating as determined by the Department of Veterans Affairs. Current exemptions are:

DV Rating Exempt Amount

10-30% \$5,000

31-50% \$7,500

71-100% \$12,000

### Other Exemptions

Cemetery Exemptions

Religious Organizations

Primarily Charitable Organizations

Charitable Organizations

Veteran Organizations

Chapter 11 of the Property Tax Code discusses other allowable exemptions

### Appeal Information

State Law requires the appraisal district to mail "Notices of Appraised Value" to property owners. New property that has been included for the first time on the appraisal roll

Property ownership changes

A change in taxable value of \$1,000 or more

A rendition statement was filed for the property

Property has been annex or de-annexed to a taxing jurisdiction

**ARB Hearings were held July 18, 2025 at the Appraisal Office in Darrouzett**

Total number of protest –0

Mineral Property protest – 1

Industrial Property protest –0

Personal Property protest – 0

Real Property protest - 0

### **Certified Values**

The Chief Appraiser certified market and taxable values to each taxing jurisdiction on July 23, 2025.

The values were:

	Market Value	Taxable Value
LIPSCOMB COUNTY	718,144,504	495,100,209
FARM MARKET ROAD	718,144,504	493,035,427
SPECIAL ROAD	718,144,504	495,100,209
NORTH PLAINS WATER	718,144,504	469,837,894
BOOKER HOSPITAL	223,141,676	154,977,059
DARROUZETT HOSPITAL	66,404,835	38,629,638
FOLLETT HOSPITAL	126,224,960	78,565,443
HIGGINS HOSPITAL	302,373,305	216,677,208
BOOKER CITY	65,975,295	57,173,494
DARROUZETT CITY	9,673,348	7,819,137
FOLLETT CITY	13,763,080	11,944,722
HIGGINS CITY	12,888,338	11,869,207
BOOKER ISD	236,351,546	147,079,231
DARROUZETT ISD	103,438,616	57,392,005
FOLLETT ISD	154,101,742	87,887,562
CANADIAN ISD	224,245,810	153,772,605

# **Plan for Periodic Reappraisal**

Subsections (a) and (b), Section 25.18 of the Tax Code, are amended to read as follows:

- Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i)
- The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years.
  - Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, land-based photographs, surveys, maps and property sketches;
  - Identifying and updating relevant characteristics of each property in the appraisal records;
  - Defining market areas in the district; Lipscomb defines the whole county as on market area.
  - Identifying property characteristics that affect property value in each market area including:
    - The location and market area of property
    - Physical attributes of property, such as size, age and condition
    - Legal and economic attributes; and
    - Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
  - Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
  - Applying the conclusions reflected in the characteristics of the property characteristics;
  - Applying the conclusions reflected in the characteristics of the properties of the properties being appraised; and
  - Reviewing the appraisal results to determine value.

Pursuant to Section 1.111 (e) of the Texas Property Tax Code the Chief Appraiser may enter into an agreement with an owner or owner's agent if the agreement relates to a matter:

- Which may be protested to the Appraisal Review Board or on which a protest has been filed but not determined by the board; or
- Which may be corrected under Section 25.25 or on which a motion for correction under that section has been filed but not determined by the board.
  - Section 6.05 (e) states that "the Chief Appraiser may delegate authority to his employees."
  - Expressly included in this delegation is the authority of appraisal staff registered with the Texas Department and Regulation to enter into informal agreements with owners and agents.

## Reappraisal Year Activities

- Performance Analysis – the equalized values from the previous appraisal year are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within property categories. Ratio studies are conducted in compliance with the current Standard on Ratio Studies of the International Association of Assessing Officers.
- Analysis of Available Resources – staffing and budget requirements for year are detailed in the budget adopted as needed to reflect the available staffing. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review.

Existing appraisal practices, which are continued from year to year, are identified and district staff is appropriately trained in order to keep their skills current. Revisions to cost models, income models, and market models are specified, updated and tested each tax year.

The preliminary values produced by these updates are tested against verified sales data and adjustments are made as necessary to fit the local market area to ensure the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement-Cost-New tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall and Swift.

Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

Personal Property Valuation: Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed and modified as needed, and tested. The latest edition of the Comptroller's Guide is utilized heavily in the appraisal of personal property in the district.

Information Systems are detailed with year specific functions identified and system upgrades are scheduled with the district's software vendor. Computer generated forms are reviewed for revisions based on year and reappraisal status. Legislative changes are scheduled for completion and also tested through coordination between the district and its software vendor. Existing maps and data requirements are specified and updates are scheduled as required.

- Planning and Organization – a calendar of key events with critical completion dates are prepared for the district. This calendar identifies the key events for the preparation of the appraisal, clerical, customer service and information systems. Production standards for field activities are calculated and incorporated in the planning and scheduling process in order to reach and mandates set by both the district management and the Tax Code. This plan encompasses the normal processes carried out for each year by the district, there for catastrophic events or significant legislative action may have a detrimental effect to the district's operation and require changes to this plan.



- Mass Appraisal System – Computer Assisted Mass Appraisal (CAMA) system revisions required are specified and scheduled with the district's Information System and software vendor. All computer forms and Information Systems procedures are reviewed and revised as required.
- Data Collection Requirements - Field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each appraisal year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycles, and field or office verification of sales data and property characteristics.  
The Lipscomb County Appraisal District, as well as all appraisal districts in Texas, are specifically hindered when valuing property due to the lack of mandatory sales disclosure. The lack of mandatory sales disclosure restricts the information that is available to the CAD's when using the Sales Comparison Approach, especially on the high end of the value spectrum of residential property and with regard to most non-residential real property. Should mandatory sales price disclosure become law, the district will have an additional tool with which to value property which will foster further accuracy and equity in appraisals.
- Pilot study by appraisal year – new and/or revised mass appraisal models/schedules are tested each appraisal year. Ratio studies, by market area, are conducted using proposed values each appraisal year. Proposed values in each category are tested for accuracy and reliability using standardized testing procedures and ratio study statistics.
- Valuation by appraisal year – using market analysis of comparable sales and locally tested cost data, valuation models are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies.
- The Mass Appraisal Report – each appraisal year the required Mass Appraisal Report will be prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar. The Mass Appraisal Report is completed in compliance with STANDARD RULE 6 – 8 of the Uniform Standards of Professional Appraisal Practice. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 – 9 of Uniform Standards of Professional Appraisal Practice.
- Value defense – evidence to be used by the appraisal district to meet its burden of proof for market value and appraisal equity in both informal and formal hearings is specified and tested as applicable.

## **REVALUATION DECISION (REAPPRAISAL CYCLE)**

The Lipscomb County Appraisal District by policy adopted by the Chief Appraiser and Board of Directors reappraises all property in the district at least once every three years and performs a mass application mail out requesting updated or new/changed information on all properties subject to agricultural 1-D-1 and/or any exemption at least once every 10 years. The following schedule ensures a complete reappraisal of all properties is performed with in the Tax Code's requirements:

2025 Booker ISD rural real properties & Booker City real properties

2027 Darrouzett and Follett Cities and Darrouzett and Follett ISD's real properties

2026 Higgins City and Canadian ISD real properties

All personal property and minerals will be reappraised each year.

Mail out New agricultural 1-d-1 applications for all ownership changes.

## **EXECUTIVE SUMMARY**

### **TAX CODE REQUIREMENT**

Passage of S. B. 1652 amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

#### **The Written Plan**

Section 6.05, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) To ensure adherence with generally accepted appraisal practices, the Board of Directors of an appraisal district shall develop biennially a written plan for periodic reappraisal of all property within the boundaries of the district according to the requirements of section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10<sup>11</sup> day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its hearings, take any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

2025 CALENDAR OF KEY EVENTS  
2025 Appraisal Year

EVENT	BEGINNING DATE	ENDING DATE
Create 2024 Year Layer in System	9/1/2023	8/1/2023
Field Operations — Begin with Booker City real property, followed by Booker ISD real property starting with properties in Blk 10 and then properties in Blk 43 working north to south	1/1/2025	4/15/2025
Discovery Process-Building Permits, Rechecks	8/1/2025	4/15/2025
Adopt Biennial Reappraisal Plan for 2025-2026	8/1/2025	8/30/2025
Adopt 2026 Appraisal District Budget	8/1/2025	9/15/2025
TDLR Education Courses	8/1/2024	12/31/2025
Statutory Date of Appraisal	1/1/2025	1/1/2025
Preliminary Property Value Study Released	1/31/2025	1/31/2025
Personal Property Renditions Mail out	1/1/2025	1/31/2025
PVS Protest Deadline if Necessary	3/12/2025	3/12/2025
Send 25.19 Appraisal Notices	5/1/2025	5/15/2025
Submit Records to ARB	4/1/2025	5/15/2025
Informal Hearings Scheduled	5/15/2025	7/20/2025
Formal Hearings Scheduled	6/1/2025	7/24/2025
Send Subsequent Batches of Appraisal Notices	5/20/2025	6/30/2025
Protest Deadline	6/30/2025	6/30/2025
Certified Estimate of Value to School Districts	4/30/2025	4/30/2025
Mineral Import from Vendor	7/20/2025	7/24/2025
Industrial Import from Vendor	7/20/2025	7/24/2025
Certification of Appraisal Roll	7/20/2025	7/25/2025
Quarterly Board of Directors Meeting	Every quarter	Every quarter
ARB Meeting	June	July
Mail Ag 1-D-1 Applications	December	May

YEARLY CALENDAR OF PROCEDURES  
-GENERAL-

NOTE: IN NOV. OF EVEN YEARS MAIL ENTITIES LETTER FOR THEM TO APPOINT A CAD BOARD MEMBER FOR A 2 YEAR TERM (EXP: NOV-98 MAIL LETTER FOR 99-2000 TERM)

ARB BOARD MEMBERS CAN SERVE 3 TERMS AND THEN MUST SIT OUT 1 TERM BEFORE RETURNING

JANUARY

1. Mail Homestead exemption forms to all flagged accts
2. Enter over-65 freeze amounts for past year
3. Get Voter Reg. print out from A/C and mail out over-65 Homestead Exemption forms
4. Clear Notice of Appraised Value flags
5. Clear new property flags and personal prop flags
6. Check all Mobile Homes
7. Check all Rigs
8. Mail renditions/resolutions
9. Check all veteran exemptions for changes, mail HS applications again
10. Mail resolutions to all entities Jan 1st, include a pers prop est showing levy & cost
11. Print list of 99's then clear all 99's
12. Publish exemption information in the local paper
13. Mail D.O. requests for new leases
14. Mail Freep011 exemption forms
15. Check all loan company codes
16. Update USPAP Manual and reprint

FEBRUARY

1. Check all addresses for zip-plus four and changes/corrections
2. Request from all cities a list of people moving in and out
3. Check for new businesses to be added to personal prop file
4. Send Comptroller required publications to newspaper for printing
5. Check personal prop accts for addresses out of county
6. Calculate new vehicle depreciation chail if needed
7. Re-Mail HS forms to flagged accts

MARCH

1. Start courtesy calling business personal property accounts reminding them to render
2. April 15 is last day to file rendition without filing an extension, extension deadline is May 15th
3. Mail entity quarterly payment notices

APRIL

1. Remail HS exemption forms
2. Flag business personal prop accounts with penalty if not rendered by April 15
3. 30<sup>th</sup> deadline for certified estimates to be sent

MAY

1. Publish notice of protest procedures in paper
2. Load mineral values
3. Print D.O.'s and check for any errors
4. Mail Notices (make sure all values have been rolled to master file)
  1. Allow at least 45 days from time notices are mailed to ARB hearing date
  2. Only mail the pers prop accts that ARE taxing pers prop
5. Mail proposed budget sheet to all entities

6. Mail all entities an estimate of their new values
7. Newly & reappointed ARB members, need to send appointment sheet to state and make oath of office sheet

## **JUNE**

1. ARB Hearings-Mail notice of Protest, Rights & Remedies, & ARB rules
2. 100% certification of appraisal roll sent to entities after ARB hearings are complete
3. Mail entity quarterly payment notices
4. By June 15 the Chief Appraiser needs to submit the proposed budget for the next year (this budget needs to be published in the local paper at least 10 days prior to the meeting adopting the budget)

## **JULY**

1. Print Appraisal cards for the current year
2. Print D.O.s for A/C
3. Print appraisal cards (geo order) for A/C and personal prop list
4. By July 25 certify 100% appraisal roll
5. Print pers prop list and put in rendition file (stamp renditions with date & signature)
6. Print exemption binder with all exemption codes - RIGHT AFTER CERTIFICATION!
7. Calculate Avg Home values for each school for "Notice of Public Hearing" Publication

## **AUGUST**

1. Send newspapers a budget information sheet at least ten days prior to board meeting to approve budget. Budget must be approved by Sept 15th.
2. Mail all entities a copy of the prior year's audit

## **SEPTEMBER**

1. Mail entity quarterly payment notices
2. Taxing entities must adopt a new tax rate by the 1st or soon thereafter
3. After the new tax rate is set, print the new appraisal roll
4. Begin the reappraisal process every third year
5. Mail a letter to each taxing entity confirming how they want a copy of the appraisal roll

## **OCTOBER**

1. Tax statements are to be mailed October 1st or soon after
2. Calculate and mail personal property statements for those entities taxing personal property
3. Calculate the next year's qtr. payment schedule and mail copy to each entity

## **NOVEMBER**

1. Mail entities (with board members) letter for them to appoint a new member (even yrs. only)

## **DECEMBER**

1. Mail entity quarterly payment notices
2. Print all A2's and M3 's to be checked on Jan 1st
3. Prepare resolutions to be mailed Jan 1st

# VALUATION APPROACH BY APPRAISAL YEAR

## MARKET APPROACH

The definition of market value as established by the State Property Tax Code differs from the definition established by USPAP therefore, a JURISDICTIONAL EXCEPTION applies.

The following definition of market value, Sec. 1.04 of the Texas Property Tax Code, means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) Exposed for sale in the open market with a reasonable time for the seller to find a purchaser
- (B) Both the seller and the purchaser know all of 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
- (C) Both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other

The effective date of appraisals is January 1st with the exception of inventory, which may be appraised at its market value as of September 1st. To receive the September 1st appraisal date, a taxpayer must file an application by July 31st.

The purpose of and intended use of the appraisal performed by LCAD is to estimate market value for ad valorem tax purposes for the taxing entities located within the boundaries of the LCAD. It is the goal of the staff of LCAD to provide the best possible service to the taxpaying public and the taxing entities. The LCAD staff promotes and adheres to the professional standards and ethics as set forth by the Texas Association of Appraisal Districts and the Texas Association of Assessing Officers.

## **AREA ANALYSIS**

The universe of properties appraised by LCAD falls within the physical boundaries of Lipscomb County and extends into Ochiltree and Hemphill Counties along the boundaries of the Booker Independent School District. Lipscomb County is located in the Northeast Texas Panhandle and is bordered to the north by the State of Oklahoma, to the east by the State of Oklahoma, to the south by Hemphill County and to the west by Ochiltree County.

Lipscomb County is a rural county with 4 towns, Booker, Darrouzett, Follett, and Higgins, and one small community, Lipscomb. The Wolf Creek River cuts the county from west to east across the middle part of the county with the Community of Lipscomb next to the river.

While minerals contribute most of the economic wealth to the county, agriculture is the main economic livelihood of the residents in the county. The majority of the land within the county is rural land with cattle production the number one business followed by some farming of mostly dry land wheat.

With the large number of minerals in the county, there is several oil and gas based businesses, which support the oil and gas production within the county. These companies provide for a fairly stable work environment and wage base for the county.

The closest city of any size from Lipscomb County is the City of Pampa located 90 miles to the southwest of the County. The closest urban areas are Amarillo which is 100 miles southwest of the County and Oklahoma City, 250 miles east of the county. The location of Lipscomb County has a large effect on the values of properties within the county.



## OVERVIEW OF TYPES OF PROPERTIES APPRAISED

There are four (4) major categories of property appraised by LCAD. These categories are:

*Real Properties:* Residential, Multi-Family, Commercial, Vacant Lots, Commercial Vacant Lots, Vacant Rural Land and Improvements on Rural Land

*Personal Properties:* Business Personal Properties, and Industrial Personal Properties.

*Utilities:* Telephone Companies, Cable Companies, Pipelines and Etc.

*Minerals:* Oil & Gas

The Property Tax Division of the State Comptroller's Office requires properties to be identified by type using a standard identification code. Codes currently used by LCAD are:

A1	Real Residential Single Family
A2	Mobile Homes where land and Mobile Home owned by same person
B1	Real Residential Multifamily
C 1	Vacant Lots (residential in City)
C2	Vacant Lots (commercial in City)
D1-04	Rural Acreage
E1	Rural Improvements
F1	Real Commercial
F2	Real Industrial
G1	Minerals
H1	Personal Property-Vehicles
J	Utilities
L 1	Commercial Personal Property
L2	Industrial Personal Property
L3	Drilling Rigs
L4	Farm/Ranch Business Vehicle
M3	Mobile Homes
M4	Travel Trailers
M1-M2-M5	Personal Property - Boats, Aircraft, Motor Homes Exempt
XX	Property

## HIGHEST AND BEST USE ANALYSIS

The highest and best use of real estate is defined as the most reasonable and probable use of land that will generate the highest return to the property over a period of time. This use must be legal, physically possible, economically feasible and the most profitable of the potential uses. An appraiser's identification of a property's highest and best use is always a statement of opinion never a statement of fact.

In order to complete the highest and best use analysis of a property, an appraiser must estimate its highest and best use as if the land were vacant. This estimate ignores the value of the restrictions created by existing improvements. It is the highest value the land could have if it were available for any legal, physically possible, and economically feasible kind of development. In determining highest and best use, preliminary judgments are made in the field by appraisers. The appraisers are normally aware of zoning regulations within physical boundaries of the city. LCAD property

Cards contain information regarding lot size and frontage, therefore, appraisers normally make judgments on physical possible use of sites in the field.

Economically feasible and most profitable uses are determined by observing surrounding property.

However, changes in property use require a more detailed and technical highest and best use analysis.

These studies are usually performed in the office.

## MARKET ANALYSIS

Economic trends, national, regional and local trends affect the universe of property appraised in Lipscomb County. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing and identifying local trends that affect the real estate market.

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed.

Examples of sources of general data include "Trends" issued by the Real Estate Center at Texas A&M University. "The Statement" published by the State Comptroller's Office. "The Appraiser"

published by the Texas Association of Appraisal Districts and "Texas Assessor's News" published by the Texas Association of Assessing Officers. When possible local sources such as lending institutions are used to obtain financing information, demographics and labor statistics.

Sales information is received from various sources. Asking prices are gathered from the local newspaper and Realtor listings. Information is also gathered from conversations with local real estate appraisers, agents and brokers. The LCAD receives a weekly computer print-out of all deed transactions from the Lipscomb County Clerk. From this information, sales letters are mailed to the buyer to obtain information of the sales. This information is not mandatory in the State of Texas therefore only a small percentage of letters are received back with useful information. This is a serious problem in that there is usually inadequate sales data to perform as thorough analysis of sales data as USPAP would require. However, every effort is made to use what data is available.

The Property Tax Division also sends out sales letters and that data is made available to LCAD at least once a year.

LCAD currently does revaluation of all properties once every three years. This revaluation includes a visual inspection and updating of all information on the properties within the city limits and rural properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year new properties are inspected, measured, and added to the roll.

In addition, building permits within the City Limits of all towns are obtained and changes to accounts are made as indicated. Individual properties are also reappraised as condition of the property warrants: for example, fire, remodeling, or an addition or demolition of a portion of the improvement. Appraisers will perform detailed field inspections of properties if requested by the owner.

The appraiser's performing reevaluations in the field have property record cards that contain specific information regarding the property being appraised. These cards contain legal descriptions, ownership interest, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements.

Revaluation field inspections require the appraisers to check all information on the property record

cards and to update if necessary. If a physical inspection of the property indicates changes to the improvements, the appraiser notes these changes in the field. Examples of these types of changes may be the condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also reviewed during the revaluation process. New improvements are also added at this time.

## **DATA COLLECTION AND VALIDATION**

### **DATA COLLECTION AND SOURCES**

LCAD cost and value schedules include land and residential improvements. Commercial schedules, the district refers to Marshall and Swift Valuation Service and personal property schedules come from the Property Tax Division appraisal manual or Marshall and Swift is often used as a reference but the district converts its data codes to fit with the district's codes already set in the computer system. Personal Property renditions provided by property owners are also used in the valuation of business personal and personal property. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate industry. The cost manual is based on cost per square foot and also the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings as per classification with modifications for equipment and additional items. The schedule is then modified for time and location.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data from cost manuals and used to test for their accuracy. LCAD schedules are then formulated from a combination of these sources. Schedules may also be modified by use of local market data (sales information) to further insure accuracy of the cost and value schedules.

Data on individual properties is also collected from the field, compiled and analyzed. Buildings and other improvement are inspected in the field, measured and classified. The appraiser estimates

the age of the improvements and determines the condition of the improvements. This data is used to compile depreciation (loss of value) Tables, and any notes pertaining to the improvements are made at this time.

Currently, single family dwellings are classified for quality and type of construction whether frame or brick veneer. The classifications range from class 1 to class 7. Class 1 being the most basic of structures using the poorest quality materials and lowest workmanship while a class 7 structure is of the highest possible quality using only the best of materials and the highest and best quality workmanship available. Currently, both ends of the spectrum have zero properties being listed (Class 1 and 7)

The age of a building is used to estimate depreciation and the bases of the effective age of improvements. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be its actual or chronological age. However, if a structure suffers from deferred maintenance due to neglect, its effective age may be older than the actual age. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by the condition of the improvements. Condition ranges from unsound to excellent. Appraisers in the field usually inspect structures from exterior perspectives. The interior condition is assumed to be similar to the exterior however if the taxpayer requests, an interior inspection will be made by appointment.

Foundation failure may occur in varying degrees and may also result in loss of value. LCAD makes allowances for foundation problems on a case by case basis. Additional depreciation may be stimulated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influence from outside the physical boundaries of the property. Examples of economic obsolescence may be proximity to correctional facilities, location of residences outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

## DEFINING MARKET AREAS

The neighborhood additions and market areas are comprised of the land area and commercially classed properties located within the boundaries of this appraisal jurisdiction. These areas consist of a wide variety of property types including multiple-family residential, commercial and industrial. Neighborhood Additions and area analysis involves the examination of how physical, economic, governmental and social forces and other influences may affect property values within subgroups of property locations. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial and industrial properties these subsets of a universe of properties are generally referred to as market areas, neighborhoods, or economic areas. Due to property sales being equivalent in the entire county, the district uses one market segment/area for the whole county.

### Data Collection Requirements

Field and office procedures are reviewed and revised as required for data collection. Projects for each tax year include the definition of market areas, new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a specific cycle, and office (or field) verification of sales data and property characteristics.

### New Construction/Demolition

New Construction field and office review procedure are identified and revised as required. Field production standards are established and procedures for monitoring tested. Sources of building permits are confirmed. Municipal and county offices provide, as available, notification of utility hookups, septic system installation, development permits, demolition orders, etc. Process of verifying demolition of improvements is specified.

### Remodeling

Market Areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Official Public Records provide indications of properties that may be undergoing enhancement through Deeds of Trust, Mechanics Liens, etc. Property identified as having remodel or improvement updates will be scheduled for onsite inspection to verify property characteristic data.

### Re-Inspection of Problematic Market Area

Real property market areas, stratified by property classification, will be tested for low or high sale ratios, and high COD (coefficients of dispersion). Market area that fail and or all of these test will be reviewed. Field reviews will be scheduled to verify and correct property

characteristics data. Additional sales data will be researched and verified in order to assess whether the market area is correctly defined and stratified.

### **Re-Inspection of the Universe of Properties**

The International Association of Assessing Officers' Standard on Mass Appraisal of Real Property, specifies that the universe of properties should be re-inspected on a cycle of 4 to 6 years. The re-inspection includes physically viewing the property, photographing (if possible), and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation, remodeling, additions, etc. The re-inspection requirements for 2015-2016 Tax Years are identified and scheduled in the reappraisal plan.

### **Field or Office Verification of Sales Data and Property Characteristics**

Sales information must be verified and property data (characteristics), contemporaneous with the date of sale, must be captured. Valid statistical analyses for direct and indirect equalization using sales ratios require the appraisal data to reflect the condition of the property at the time of sale.

## **VALUATION ANALYSIS**

LCAD valuation schedules are divided into three main classifications, Residential, Commercial, and Personal Property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as Mobile Homes, Special Inventory and Agricultural Land are appraised using different techniques, which will be discussed later in this report. Depreciation tables/schedules (loss of value schedules) are also included within these schedules. These tables are calibrated from cost as well as sales data and updated as needed. Residential schedules are included in Addendum II to this report.

### **RESIDENTIAL SCHEDULES**

Residential valuation schedules are cost based tables modified by actual sales data from the title company. That is, the cost reflects replacement cost new of the subject property. Market Research indicates that the common unit of comparison for new residential construction as well as existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers. Comparison ratio studies between Marshall and Swift, the Property Tax Division, and LCAD cost schedules are included in the Addendum II to this report.

The residential schedule is based on the size, age, and condition of the structure, quality of construction, contributory value of extra items and the land value. Each of these variables has a direct impact on the cost as well as the value of the property. The following is an example of each of the variables and how they may affect market value:

**Quality of Construction** - Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of material used, the quality of the workmanship as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. As stated above, LCAD residential schedules currently class houses based on quality of construction from 1 to 7. This classification schedule is based on the Property Tax Divisions definitions of residential classes of dwellings with modifications for local market.

**Size of Structure** - The size of a structure also has a direct impact on its cost as well as value. The larger the structure the less the cost per square foot. LCAD schedules are graduated in size increments from 100 to 200 square feet, depending on market conditions. The Property Tax Division and Marshall and Swift also support the size factor.

**Condition of Improvements** - LCAD rates conditions from unsound to excellent. Properties that in the opinion of the appraiser are unlivable may be taken off the schedule and given a Fair Market Value or salvage value.

**Age of Structure** - LCAD residential depreciation schedule groups age categories from 0 to 4 years of age, 4 to 8 years and in increments of 5 years up to 38 years and 39 to 50 years in increments of 10 years. Age 51 and over is given the maximum amount of depreciation. As stated above, effective age and chronological age may be the same or different depending on the condition of the structure.

**Extra Items** - As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include storage buildings, swimming pools, etc.



**Land Value** - LCAD values land based on market transactions when possible. As there is not always market transactions available, other recognized methods of land valuation may be used. The two most common methods are the land residual method and the land ratio method. Land schedules are available at the Appraisal District Office.

## **COMMERCIAL SCHEDULES**

Commercial properties are valued using Marshall and Swift Valuation schedules for commercial property. Replacement cost new is determined and then adjusted for location. Depreciation is then applied using physical observation of the property.

## **PERSONAL PROPERTY SCHEDULES**

The Personal Property Schedules value business furniture, fixtures, and equipment as well as inventory that is taxable by law. Business vehicles located within the Appraisal District boundaries and personal vehicles located within the county are also valued, but not taxed at this time.

Business Personal Property values are derived from several sources. Business owners are required by Texas Law to render their business personal property each year. A 10% penalty will be applied to all unrendered business properties. It is the experience of the District that we receive approximately 98% of business renditions each year. Rendered values are used on business personal property if the value is reasonable for the type of business and is within acceptable ranges when compared to the PTD or Marshall and Swift personal property schedules for the type of business rendered. Should the rendered values not be acceptable then PTD or Marshall and Swift schedules are applied to establish a value. Value on all business personal property not rendered is established using PTD or Marshall and Swift schedules for the type of business being valued.

Depreciation is determined by the age of the property and its expected life. Schedules are available in the appraisal district office.

Both business and personal vehicles are valued based on NADA book official used car valuations wholesale value for the particular make, model, and age of the vehicle. The appraisal district uses a report obtained from Just Texas which lists vehicles registered in Lipscomb County on January 1st of each year. This report uses the vehicle identification number to determine make, model, and vehicle characteristics to determine NADA Book wholesale value. This report along with renditions, physical observations and city reports are used to discover and list vehicles that are taxable within the county. When adverse factors such as high mileage are known then the appropriate adjustments are made to value.

## **STATISTICAL ANALYSIS**

Statistics are a way to analyze data and study characteristics of a collection of properties. In general it is not feasible to study the entire population therefore; statistics are introduced into the process. LCAD statistical analysis for real estate is based on measures of central tendency and measures of dispersion. The measure of central tendency determines the center of a distribution. The measures of central tendency utilized with the aid of computer based programs are the mean, median, mode and the weighted mean.

The measure of dispersion calculated is the coefficient of dispersion. This analysis is used to indicate the spread from the measure of central tendency. Statistical bias is measured by the Price Related Differential (PRD) The PRD indicates how high price properties are appraised in relation to low price properties.

## **SPECIAL APPRAISAL PROVISIONS**

### **Circuit Breaker Limitation-Property Tax Code Sec 23.231**

Beginning in 2024, real property valued at \$5,000,000 or less will benefit from a 20% limitation on the net appraised value of the property used to calculate your taxes, with the exclusion of land receiving the agriculture-use special appraisal and homestead properties that qualify for the 10% homestead limitation.

The circuit breaker provision limits the amount the appraisal district can increase the appraised value of a property. The appraised value of qualifying real property is limited to an increase of no more than 20% per year unless new improvements, excluding ordinary maintenance, have been made. This limitation takes effect on January 1 of the tax year following the first year in which the owner owns the property. The Texas Legislature has currently only authorized the circuit breaker limitation for the 2024, 2025 and 2026 tax years. The appraised value that the circuit breaker applies to is set at \$5,000,000 or less; however, the State Comptroller can increase or decrease the appraisal value limit for 2025 and 2026 based on the consumer price index.

This has very negative affect on Lipscomb County mineral values. Mineral values can go up and down drastically, depending on the price of oil and gas and production. This year the price of oil and gas was down. If the price should rise over the next years the royalty owners value will only rise 20% per year and not the true value of their minerals.

## INDIVIDUAL VALUE REVIEW PROCEDURES

In order for comparable sales data to be considered reliable it must first contain a sales date, sales price, financing information, tract size and details of the improvements. Sales data is gathered by sending sales letters to the buyer of properties that the district knows changed ownership. Commercial sales are confirmed from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers is also considered a reliable source.

Sales data is compiled and the improved properties are physically inspected and photographed. All data listed on the property record card is verified and updated as needed including building classification, building size, additions or added out buildings, condition of structures and any type change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arms length transactions are considered. Examples of reasons why sales may be deleted or not considered are:

1. Properties are acquired through foreclosures or auction.
2. Properties are sold between relatives.
3. The buyer or seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market rates.
5. Considerable improvements or remodeling have been done since the date of the sale and the appraiser is unable to make judgments on the property's condition at the time of the transaction.
6. Sales may be unusually high or low when compared with typical sales located in the market area. Some sales may be due to relocation or through divorce proceedings.
7. The property is purchased through an estate sale.
8. The sale involves personal property that is difficult to value.
9. There are value-related data problems associated with the sale.
10. Property use changes occurring after the sale.

Due to the population size and nature of Lipscomb County, it is extremely difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and exception is taken to USPAP Standard Six in this area.

## **PERFORMANCE TESTS/PILOT STUDY**

Sales ratio studies are used to evaluate the districts mass appraisal performance. These studies not only provide a measure of performance but also are an excellent means of improving mass appraisal performance. LCAD uses ratio studies not only to aid in the revaluation of properties, but also to test the Comptroller's Property Tax Division annual value study results.

Sales ratio studies are usually performed in the fall and spring of the year to test cost schedules. At this time individual properties which have sold are reviewed for accuracy in their data. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are usually done on a countywide basis of all residential sales in the county and then by residential classification. The median ratio within each classification is then compared to the desired ratio to determine if schedule adjustments should be made. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes, if any, that need to be made.

## **METHODS & ASSISTANCE PROGRAM AUDIT**

Once every two years, in non-PVS study years, the Property Tax Assistance Division (PTAD) of the Texas State Comptroller's office conducts a comprehensive audit of appraisal district operations and procedures as required by 5.012 of the Texas Property Tax Code. The Comptroller conducts their MAP reviews of approximately half of all CADs each year. School districts located in counties which do not receive MAP reviews in a particular year, will be subject to property value studies in that year.

## **PROPERTY VALUE STUDY**

Once every two years, the Property Tax Assistance Division (PTAD) of the Texas State Comptroller's office conducts a study in each appraisal district to determine the degree of uniformity, the median level of appraisal, the coefficient of dispersion and other statistical measures for each category of property by the appraisal district within each major category of property, as required by Section 5.10 of the Texas Property Tax Code.

## CERTIFICATION

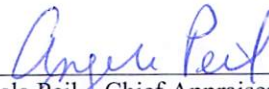
I certify that, to the best of my knowledge and belief:

the statements of fact contained in this report are true and correct;

the reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal unbiased professional analysis, opinions, and conclusions;

I have no (or the specified) present or prospective interest in the properties that are the subject of this report, and I have no (or the specified) personal interest or bias with respect to the parties involved; my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of taxing jurisdiction, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;

my analysis, opinions, and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the International Association of Assessing Officers.



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Angela Peil, Chief Appraiser  
Lipscomb County Appraisal District