KING COUNTY APPRAISAL DISTRICT

BIENNIAL REAPPRAISAL PLAN

S.B. 1652

TAX YEARS

2023 – 2024

Adopted by King County Board of Directors on August 30, 2022

TABLE OF CONTENTS

KING COUNTY APPRAISAL DISTRICT
BIENNIAL REAPPRAISAL PLAN
2023-2024

THE PLAN

Introduction - Scope of Responsibility

The King County Appraisal District has prepared the Biennial Reappraisal Plan and Appraisal Report to provide the Board of Directors, citizens and taxpayers with a better understanding of the District's responsibilities and activities. The report has several parts: a general introduction, followed by several sections describing the appraisal effort by the Appraisal District.

The King County Appraisal District (CAD) is a political subdivision of the State of Texas. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the Appraisal District. A member Board of Directors, appointed by the taxing units within the boundaries of King County, constitutes the District's governing body. The Chief Appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the Appraisal District.

The Appraisal District is responsible for local property tax appraisal and exemption administration for the taxing units in the county. Each taxing unit sets its own tax rate to generate revenue to fund public services, including fire protection, public schools, road maintenance, courts, and solid waste service. Property appraisals and estimated values by the Appraisal District allocate the year's tax burden on the basis of each taxable property's market value. The Appraisal District also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations, and agricultural productivity valuation.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1 of each year. Under the tax code, "market value" means 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 buyer;

- Both the seller and the buyer 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 buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1 of the year preceding the tax year to which the appraisal applies by filing an application with the Chief Appraiser requesting that the inventory be appraised as of September 1.

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The District's current policy is to conduct a general reappraisal of taxable property every three years. Appraised values are reviewed annually and are subject to change. Business personal properties, minerals and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent cost and market data. The District follows the standards of the

International Association of Assessing officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by The Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

Personnel Resources

The Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of District operations. The administration department's function is to plan, organize, direct and control the business support functions related to budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and industrial. The District's appraiser is subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with Texas Department of Licensing and Regulation (TDLR). Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by Chief Appraiser.

The Appraisal District staff consists of one (1) employee and (1) part-time employee with the following classification:

- Chief Appraiser - Administrator/Technician: executive level administration, supervisory, management, appraiser, network support, professional, customer service, clerical and other.
- Office Administrator – Administrator/Technician: management level administration, network support, professional, customer service, clerical and other.

Staff Education Training

The Chief Appraiser, who performs appraisal work is registered with the Texas Department of Licensing and Regulation (TDLR) is currently a Registered Professional Appraiser (RPA). The Chief Appraiser must receive additional training of a minimum of 30 hours of continuing education units every two years. Failure to meet these minimum standards results in the termination of the employee.

Additionally, the Chief Appraiser is responsible for data gathering processes including data entry of fieldwork and statistical analysis of all types of property to ensure equality and uniformity of appraisal of all types of property.

Data

The District is responsible for establishing and maintaining approximately 4,500 tax accounts covering 914 square miles within King County. Portions of adjoining counties are under overlapping taxing jurisdictions and these properties are included within the number of property accounts. The overlapping jurisdiction enters into Foard County, Texas. The data includes property characteristics, ownership, and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and field inspections. General trends in employment, interest rates, new construction trends, cost and market data are acquired through various sources, including internally generated questionnaires to buyers and sellers.

The District has a geographic information system (GIS) that maintains cadastral maps and various layers of data and aerial photography. These maps are updated at least every 180 days by BIS Consulting, Inc. The District has a website which includes open records data pertaining to property tax appraisals.

Information Systems

The Systems Administrator (Chief Appraiser) manages and maintains the District's data processing, software applications, and portions of the geographical information system. Pritchard and Abbott, Inc. provides software services for appraisal and geographical information system.

Shared Appraisal District Boundaries

H.B. 1010, 80th Texas Legislature, Regular Session, changed appraisal district boundaries to cut along county lines.

Independent Performance Test

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division (PTAD) conducts a property value study (PVS) of each Texas school District and each Appraisal District, at least every two years. As part of the study, the Code requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each Appraisal District's appraisal methods, standards and procedures to determine whether the District used recognized standards and practices (MAP Review); test the validity of school district taxable values in each Appraisal District and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each Appraisal District. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. The study utilizes statistical analysis of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For Appraisal Districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median and price-related differential (PRD) for properties overall and by state category.

There is one common school District in King CAD for which an appraisal roll is annually developed. The preliminary results of the study are released February 1 in the year following the year of appraisement. The final results of the study are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. The outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

<div align="center">

APPRAISAL ACTIVITIES

</div>

Introduction - Appraisal Responsibilities

The field appraiser, (Chief Appraiser) is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, and of land and building characteristics. The Chief Appraiser is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of King County and the jurisdictions of the Appraisal District. The data collection effort involves the field inspection of real and personal property. The goal is to periodically field inspect residential and commercial properties in the District every three years. The appraisal opinion of value for all property located in the District is reviewed and evaluated each year.

Appraisal Resources

- Personnel: The appraisal activities are conducted by one appraiser, the Chief Appraiser with the aid of Pritchard & Abbott, Inc.

- Data: The data used by the field appraiser includes the existing property characteristic information contained in CAMA (Computer Assisted Mass Appraisal System) from the District's computer system. The data is printed on a property record card (PRD), or personal property data sheets. Other data used includes maps, sales data, photos and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate market place. The District cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

Appraisal Performance

King County Appraisal District has maintained good ratios in appraising property. According to the Comptroller of Public Accounts Property Tax Assistance Division Property Value Study, the overall coefficient of dispersion (COD) has averaged 08.02, while the overall median level of appraisal has averaged 1.00 as noted in the table below.

Tax Year	Coefficient of Dispersion	Median Level of Appraisal
2013	10.46	1.01
2015	08.98	1.04
2017	10.28	0.97
2019	04.27	1.00
2021		0.95

Appraisal Schedule and Responsibility

King CAD has a three-year reappraisal plan. The property in the District is physically inspected at least once every three years. Class and location accomplish this.

Mineral, Industrial, Utility and Business Personal Property are inspected and appraised annually. This service is contracted to outside sources.

After review of the Reappraisal Plan, Property Value Study, and internal Ratio Studies for King CAD for 2019-2020 and 2021-2022, the following is the appraisal schedule planned for King CAD for 2023-2024:

Each year, sales information is compiled and evaluated on each class of real property. Ratio studies are made and schedules are adjusted when necessary. King County sales are limited.

King County only has one market area consisting of the whole county. The District has divided the market area into three separate field appraisal areas. One area is physically inspected each year. King County is a rural county. King County encompasses 914 square miles with only two communities; Guthrie and Dumont, therefore, two field appraisal areas are defined by rural location. King County Appraisal District had 4,331 parcels in 2022.

- 46 parcels are classified as Single Family Residences (A) or Mobile Homes (M)
- 178 parcels are classified as Vacant Lots (C)
- 1,789 parcels are classified as Open Space Land with and without Farm and Ranch
        Improvements (D1, D1C, D2)
- 107 parcels are classified as Rural Residential Improvements (E)
- 14 parcels are classified as Commercial (F)
- 458 parcels are classified as Exempt (X); school, church, or county owned property
- Most all other parcels are classified as Mineral and Industrial

Appraisal Area One: Rural land parcels in the Northern part of King County, including real, open-space/ag-use, residential, irrigation, and large acreage tracts.   In this appraisal, overlapping property with Foard County will be included as well as the community of Dumont.

Appraisal Area Two: The townsite of Guthrie including all real and residential.

Appraisal Area Three: Rural land parcels in the Southern part of King County, starting at the Stonewall/King County line and ending at the townsite of Guthrie, including real, open space/ag-use, residential, irrigation, and large acreage tracts.

Exhibit A = map detailing appraisal areas.

- Tax Year 2023 – Appraisal Area Two inspected and appraised. This includes the townsite of Guthrie including all real and residential; together with discovering and identifying any new properties throughout King County.

- Tax Year 2024 – Appraisal Area Three inspected and appraised. This includes rural land parcels in the Southern part of King County, starting at the Stonewall/King County line and ending at the townsite of Guthrie, including real, open space/ag-use, residential, irrigation, and large acreage tracts; together with discovering and identifying any new properties throughout King County.

<p style="text-align:center;">**Timetable:**</p>

Tax Year 2023:

October-December: Office work in preparation of Field Reviews**.** Conduct internal ratio studies, if possible**.** Pritchard & Abbott, Inc is contracted as our agriculture appraiser and will meet with our Ag Board to discuss annual farm and ranch surveys.

Area Two will be appraised. Appraiser will systematically drive town roads and inspect all real and residential properties in the townsite of Guthrie. All exempt property will be inspected. Will follow up on new properties reported from 911 mapper, County employees, and King County Judge.

January: Appraiser will verify Homestead Exemptions. Mail Renditions to Business Personal Property accounts. Reports, audits and county maps will be studied to identify any parcels that were overlooked during previous inspections and those properties will be inspected.

February: Complete appraisals and update records. Conduct internal ratio studies, if possible. Mail Renditions that were not mailed previously.

March-April: Process Business Personal Property Renditions.   Pritchard and Abbott will analyze and adjust agricultural production schedules.

Spring: Property Value Study will be conducted by Texas State Comptroller's office.

April-June: Preliminary Certifications made to taxing entities. Process Business Personal Property Renditions. Inspect Business Personal Property accounts handled in-office. Order and Mail Notices of Appraised Value. Submit Appraisal Records to ARB. Process Business Personal Property accounts that received extension. Submit Proposed Budget.

June-July: Informal hearings. ARB Protest Hearings. ARB approves records. Certification to entities.

August: Truth in Taxation website information to assessors. Update website with current appraisal documents. Estimate of taxes postcard mailed.

Prior to September 15: Adoption of Budget.

Tax Year 2022:

October-December: Office work in preparation of Field Reviews. Conduct internal ratio studies, if possible. Pritchard & Abbott, Inc is contracted as our agriculture appraiser and will meet with our Ag Board to discuss annual farm and ranch surveys.

Area Three will be appraised. Appraiser will systematically drive county roads and inspect all real and residential properties in market area three. Appraiser will investigate any new fence lines, structures, and 1-d-1 exemptions that are questionable. Appraiser will begin at the Stonewall/King County line and work towards the townsite of Guthrie. Will follow up on new properties reported from 911 mapper, County employees, and King County Judge.

January: Appraiser may verify Homestead Exemption verifications. Mail Renditions to Business Personal Property accounts. Reports, audits and county maps will be studied to identify any parcels that were overlooked during previous inspections and those properties will be inspected.

February: Complete all appraisals and update records. Conduct internal ratio studies, if possible. Mail renditions not previously mailed.

March-April: Process Business Personal Property Renditions. Agricultural production schedules will be analyzed and adjusted accordingly**.**

Spring/Summer: MAPS inspection will be conducted by Texas State Comptroller's office.

April-June: Preliminary Certifications made to taxing entities. Process Business Personal Property Renditions and inspect Business Personal Property accounts handled in-office. May order notices.

May-June: Order and Mail Notices of Appraised Value. Submit Appraisal Records to ARB. Process Business Personal Property accounts that received extension. Submit Proposed Budget.

June-July: Informal hearings. ARB Protest Hearings. ARB approves records. Certification to entities.

August: Truth in Taxation website information to assessors. Update website with current appraisal documents. Estimate of taxes postcard mailed.

Prior to September 15: Adoption of Budget. Biennial Reappraisal Plan and Mass Appraisal Report.

Stipulation: King County is rural, therefore, weather conditions will be a considering factor. King County has only one appraiser, the Chief Appraiser; at times conflicting office matters arise beyond control that requires the Chief Appraiser's attention.

Appraisal Frequency and Method Summary

- Residential and Commercial Property – Residential and Commercial property is physically examined once every three years with the appraiser observing the front of each home, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. Exterior pictures will be taken of any improvements, when possible, and downloaded into the software package.

- Business Personal Property - Business personal property is observed annually. Rendition laws provide additional information on which to base a value of all BPP accounts. Pritchard and Abbott, Inc appraise and maintain BPP accounts.

- Mineral - Pritchard and Abbott, Inc. appraise and maintain the mineral accounts.

- Utilities and Pipelines - Pritchard and Abbott, Inc. appraise and maintain the utility and pipeline accounts.

Preliminary Analysis - Data Collection/Validation

Data collection of real (residential and commercial) property involves maintaining data characteristics of the property on CAMA (Computer Assisted Mass Appraisal). The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction, and condition. The field appraiser is required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on the coding system and property description and characteristics. The field appraiser uses property classification references during initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the BPP file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location. The field appraiser conducting on-site inspections uses a personal property classification system as a guide to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are through property inspection, data review/relist field effort, data mailer questionnaires, hearings, and sales validation. Data surveys of property owners requesting market information and property owner requesting market information and property description information is also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. The Texas Railroad Commission is the source for mineral production data and leasing information. Improvement cost information is gathered from Marshall and Swift Valuation Service. The Chief Appraiser may interview local carpenter and local lumber yard for current trends and costs.

The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves on-site inspection by the Chief Appraiser to verify the accuracy of the property characteristics and confirmation of the sales price.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records without having Chief Appraiser of on-site. Property owners are encouraged to notify the District of inaccurate data. Properties identified in this manner are added to a work file and inspected at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Data Collection Procedures

The Chief Appraiser works a specific area throughout the District to conduct field inspections. Real estate: Chief Appraiser conducts field inspections and records information using the appraisal card or record that holds all data dealing with the property and notes the corrections and additions that the appraiser may find in the field inspection.

The quality of the data used is extremely important in estimating market values of taxable property. While work performance standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of the Chief Appraiser. Quality assurance is the job of the Chief Appraiser, who is charged with the responsibility for following procedures for each appraisal.

Individual Value Review Procedures - Field Review

The date of last inspection and the CAD appraiser responsible are listed on the CAMA record or property card. If a property owner or jurisdiction disputes the District's records concerning the data during a hearing, via a telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, a field inspection is requested to verify the information for the current year's valuation or for the next year's valuation. Every year a field review of real property located in certain areas in the jurisdiction is done during the data review/re-list field effort. A field review is performed on all personal property accounts, with available situs, each year.

Office Review

Office reviews are completed on properties where updated information has been received from the owner of the property and is considered accurate and correct. Property owners frequently verify some property characteristics or current condition of the property. When the property data is verified in the manner, and considered accurate and correct, field inspections may not be required. The Chief Appraiser mails property rendition forms in January of each year to assist in the annual review of the property.

Performance Test

The property appraiser (Chief Appraiser) is responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within certain neighborhoods or districts by appraisal staff. The sales ratio and comparative analysis of sale property to appraised property forms the basis for determining the level of appraisal and market influences and factors for the neighborhood. The information is the basis for updating property valuation for the entire area of property to be evaluated. The inspection is to insure that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on accurate property data characteristics observed at the time of sale. Also, property inspections are performed to discover if property characteristics had changed as of the sale date or subsequent to the sale date. Sale ratios should be based on the value of the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisal for the District.

RESIDENTIAL VALUATION PROCESS

Introduction - Scope of Responsibility

The appraiser (Chief Appraiser) is responsible for estimating equal and uniform market values for residential improved and vacant property.

Appraisal Resources

- Personnel: The appraisal staff consists of one appraiser. The following appraiser is responsible for estimating the market value of residential property: Kala Briggs, Chief Appraiser.

- Data: An individualized set of data characteristics for each dwelling in the District are collected in the field and data entered to the computer. The property characteristics stat drives the application of computer-assisted mass appraisal (CAMA) under the cost, market, and income approaches to property valuation.

Valuation Approach

Land Analysis

Land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable land sales and comparable land sales are conducted based on a comparison of land characteristics found to influence the market price of land. A computerized land table file stores the land information required to consistently value individual parcels. Specific land influences are considered, where necessary, and depending on individual lot or tract characteristics, to adjust parcels. The appraiser (Chief Appraiser) uses abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of TDLR classes.

Highest and Best Use Analysis

The highest and best use of property is the 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, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use.

Valuation and Statistical Analysis (Model Calibration)

Cost Schedules

All residential parcels in the District are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The District's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the Appraisal District cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually. As part of the review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in District are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. CAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of the comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. The Chief Appraiser may interview local carpenter and lumber yard for local cost information and building trends.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained for real property. Residential vacant land sales, and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including: District questionnaires sent to buyer and seller, field discovery, protest hearings. A system of type, source, validity and verification codes had been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. These analysis tools help determine and estimate the effects of change, with regard to prices, as indicated by sale prices for similar property within the current market.

Statistical Analysis

The residential appraiser, (Chief Appraiser) performs statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation in the District to judge the two primary aspects of mass appraisal accuracy—level and uniformity of value.

Market and Cost Reconciliation and Valuation

King CAD uses market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analysis and ratio studies and are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The District's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. The type of approach accounts for market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used: $MV = LV + (RCN - AD)$

Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied

uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction. Whereas, in accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. The analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to be the rate of change for the improvement contribution to total property value. The measure of change for the property component can best be reflected and based in the annualized accrued depreciation rate. The cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted form the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciated, a cost factor. The level of improvement which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. The evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of the market and cost information is the basis of reconciliation and indication of property valuation under the hybrid.

Treatment of Residence Homesteads

Beginning in 1998, and amendments effective through January 1, 2010, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption in Section 23.23, Limitation on Appraised Value on Residence Homestead.   Notwithstanding the requirements of Section 25.18, Periodic Reappraisal, and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of:

- The market value of the property for the most recent tax year that the market value was determined by the appraisal office; or
- The sum of:
  10 percent of the appraised value of the property for the preceding tax year;
  The appraised value of the property for the preceding tax year; and
  The market value of all new improvements to the property.

The limitation provided by this section takes effect as to a residence homestead on January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 11.13. The limitation expires on January 1 of the first tax year that neither the owner of the property when the limitation took effect nor the owner's spouse or the surviving spouse qualifies for an exemption under Section 11.13.

COMMERCIAL VALUATION PROCESS

Introduction - Scope of Responsibility

The appraiser (Chief Appraiser) is responsible for estimating equal and uniform market values for commercial property.

Appraisal Resources

- Personnel: The appraisal staff consists of one appraiser. The following appraiser is responsible for estimating the market value of commercial property: Kala Briggs, Chief Appraiser.

- Data: An individualized set of data characteristics for each dwelling in the District are collected in the field and data entered to the computer. The property characteristics stat drives the application of computer-assisted mass appraisal (CAMA) under the cost, market, and income approaches to property valuation.

Valuation Approach

The appraisal district shall identify properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, photographs, surveys, maps and property sketches.

King CAD shall identify and update relevant characteristics, such as remodel, addition or demolition of each property in the appraisal records each year.

Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of TDLR classes.

Highest and Best Use Analysis

The highest and best use of property is the 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, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use.

Cost Schedules

Commercial parcels in the District are valued with a replacement cost estimated from cost schedules based on the improvement classification system using a comparative unit method. The District's cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service, as well as local information. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local commercial building and labor market.

A review of the commercial cost schedule is performed annually. As part of the review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in District are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. CAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of the comparison are analyzed using statistical measures, including stratification by quality and reviewing of

estimated building costs plus land to sales prices. The Chief Appraiser may interview local carpenter and local lumber yard for local cost information and building trends.

Sales Information

A sales file for the storage of "snapshot" sales data at the time of sale is maintained for property. Sales are collected from a variety of sources, including: District questionnaires sent to buyer and seller, field discovery, protest hearings. A system of type, source, validity and verification codes had been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. These analysis tools help determine and estimate the effects of change, with regard to prices, as indicated by sale prices for similar property within the current market.

Statistical Analysis

The appraiser, (Chief Appraiser) performs statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation in the District to judge the two primary aspects of mass appraisal accuracy—level and uniformity of value. Due to the population size and nature of King 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.

BUSINESS PERSONAL PROPERTY VALUATION PROCESS

Introduction – Scope of Responsibility

The Chief Appraiser is responsible for estimating equal and uniform market values for Business Personal Property.

Appraisal Resources

There is one personal property type appraised by the District personal property section: Business Personal Property accounts.

- Personnel: The personal property staff consists of one appraiser. Kala Briggs, Chief Appraiser

- Data: A common set of data characteristics for each personal property account in King CAD is collected in the field. The personal property appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, property renditions, and interviews with property owners.

Valuation Approach

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the greatest income and the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of personal property is normally its current.

Data Collection Validation

Sources of Data

The District's property characteristic data was collected through a massive field data collection effort coordinated by the District over the recent past and from property owner renditions. From year to year, reevaluation activities permit the District appraiser to collect new data via an annual field inspection. The project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other source. The public often provides the District information regarding new personal property and other useful facts related to property valuation.

Valuation and Statistical Analysis

Cost Schedules

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by District personal property valuation appraisers. Analyzing cost data from property owner renditions, hearings, state schedules, and published cost guide develops the cost schedules. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format.

Statistical Analysis

Summary statistics including, but not limited to, the median, weighed mean, and standard deviation provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value. Review of the standard deviation can discern appraisal uniformity.

Depreciation Schedule

King CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from CAD developed valuation models. Analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides develops the cost schedules.

Individual Value Review Procedures

Office Review

A District valuation computer program exists in a mainframe environment that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, and new accounts are all considered. The accounts are processed by the valuation program and pass or fail present tolerance parameters by comparing appraised values to prior year and model values. The appraiser reviews accounts that fail the tolerance parameters.

Performance Tests

Ratio Studies

Each year the Property Tax Division of the state comptroller's office conducts a property value study (PVS). The PVS is a ratio study used to gauge Appraisal District performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared to King CAD's personal property values and ratios are indicated. Due to the population size and nature of King 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.

LIMITING CONDITIONS

The appraisal value estimates provided by the District are subject to the following conditions:

1. The appraisals were prepared exclusively for ad valorem tax purposes.

2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as resources and time allowed. Some interior inspections of property appraised were performed at the request of the property owner to correct property descriptions.

3. Validation of sales transactions was attempted through questionnaires to buyer and seller, and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.

Certification Statement:

"I, Kala Briggs, Chief Appraiser for the King County Appraiser District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in District subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised valued which, to the best of my knowledge and belief, was determined as required by law."

_____
Kala Briggs
Chief Appraiser