

Appraisal District for Kleberg County 2024 Mass Appraisal Report

INTRODUCTION

Scope of Responsibility

The Kleberg County Appraisal District has prepared and published this mass appraisal report to provide our Board of Directors, citizens, and taxpayers with a better understanding of the District's responsibilities and activities. This report has several parts: a general introduction and then, several sections describing the appraisal effort by the appraisal district. This mass appraisal report follows the guidelines of the biennial reappraisal plan as adopted by the Board of Directors of the Kleberg County Appraisal District.

Each tax year the Texas Property Tax Code requires that a Mass Appraisal Report be prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad-valorem tax calendar (on or about May 15th). 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 *USPAP*.

The Kleberg County Appraisal District (CAD) is a political subdivision of the State of Texas created effective January 1, 1980. 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 Kleberg 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 9 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden based on each taxable property's market value. The 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.

All taxable property is appraised at its "market value" as of January 1st except as otherwise provided by the Property Tax Code. 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 purchaser.
- 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 or business personal property inventory other than dealer's motor vehicle inventory, dealer's heavy equipment inventory, dealer's vessel and outboard motor inventory, or a retail manufactured housing inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the Chief Appraiser requesting that the inventory is appraised as of September 1st.

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. Where the appraisal district contracts for professional valuation services, the appraisal firm is required to adhere to similar professional standards. The District currently contracts with the firm of Wardlaw Appraisal Group, L.C. and their mass appraisal report is a part of this report.

Personnel Resources

At Kleberg County Appraisal District, we have four levels of personnel, which are Administration, Appraisal, Data Entry, and Records. The administration department's function is to plan, organize, direct, and control the business support functions related to human resources, budget, finance, and over-see day to day operations of the District. The appraisal department is responsible for the inspections of all real and personal property accounts. The property types appraised include business personal property, mobile homes, industrial real property, commercial, vacant land, agricultural, and residential. The District's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulation, TDLR. The data entry department is responsible for the entry of appraisal information into the system. The records department provides support functions including records maintenance, information and assistance to property owners, map maintenance and coordination of hearings.

The appraisal district staff consists of 10 employees with the following classifications:

- 3 – Administration
- 3 – Appraisal
- 2 – Data Entry
- 2 – Clerical

Staff Education and Training

All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulation and are required to take appraisal courses to achieve the status of registered professional appraiser within five years of employment as an appraiser. After they are awarded their license, they must complete 30 hours of approved continuing education to be eligible to renew the registration. The continuing education must include: 2 hours in professional ethics, a state laws and rules update course, and 3.5 hours in USPAP. Failure to meet these minimum standards results in the termination of the employee.

Additionally, all appraisal personnel receive training in data gathering processes including statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. On-the-job training is delivered by administration to new appraisers and administration meets regularly with staff to introduce new procedures and regularly monitors appraisal activity to ensure that all personnel are following standardized appraisal procedures.

Data

The District is responsible for establishing and maintaining approximately 18,493 real and personal property accounts covering 871 square miles within Kleberg County. This 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 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 buyer and sellers, university research centers, and market data centers and vendors.

The District has a geographic information system (GIS) that maintains cadastral maps and various layers of data, including soils, school district boundaries, streets, and parcels. The District is currently using Google Earth Pro for the 2024 appraisal year. The District's website makes a broad range of information available for public access, including certified appraised value information, property characteristic data, and links to other useful accounts. Downloadable files of related tax information and district forms, including exemption applications and business personal property rendition forms are also available.

Information Systems

The information systems for the District are made up of software applications, internet websites, and geographical information systems. The Systems Administrator manages and maintains the District's data processing facility and software applications. The mainframe hardware/system software is contracted through Harris Govern. The software is provided through a server to various Desktops. The District uses ArcInfo, ArcGIS, and other ESRI products for its GIS system. The District contracts with and outside supplier (Harris Govern) for updating maps with new parcel lines and other upgrades and applications. The District also integrated aerial photography from Google Earth Pro. Wardlaw Appraisal Group provides software services for appraisal applications for mineral/industrial accounts.

Shared Appraisal District Boundaries

House Bill 1010 changed the jurisdiction of appraisal districts to the boundaries of the county. Kleberg County previously shared boundaries with one (1) appraisal district, Kenedy CAD. This District remains important since protests and appeals for prior years are still possible when jurisdiction resided with Kleberg CAD. Going forward the District must coordinate with the neighboring district to ensure uniformity in valuations to minimize confusion of the taxpayer.

Kenedy CAD and the Kenedy County Tax Office and the City of Corpus Christi and the Nueces County Tax Office require an appraisal roll from Kleberg CAD for tax collection efforts. The Kleberg County Appraisal District has made all the necessary conversions to implement the new legislative requirements of HB 1010.

Independent Performance Test

According to Chapter 5 of the Texas Property Tax Code and Section 403.302 of the Texas Government Code, the Property Tax Assistance Division (PTAD) shall conduct a property value study (PVS) at least once every two years of each Texas school district and each appraisal district. As part of this study, the code requires the Comptroller to use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, 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. This study utilizes statistical analyses of sold properties (sales 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. The Kleberg County Appraisal District will go through a PVS in 2024.

Effective on January 1, 2010, the comptroller shall review the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards procedures, and methodology used by each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology at least once every two years. The Kleberg County Appraisal District will go through a MAPS review in 2025.

There are four independent school districts in the Kleberg CAD for which appraisal rolls are annually developed. The preliminary results of this study are released February 1st in the year following the year of appraisal. The results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. This outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

APPRAISAL ACTIVITIES

INTRODUCTION

Appraisal Responsibilities

The field appraisal staff 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 land and building characteristics. This appraisal activity 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 Kleberg County and the jurisdictions of this appraisal district. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect residential, commercial, and personal properties in the District once every three years. Meeting this goal is dependent on budgetary constraints. The appraisal opinion of value for all property located in the District is reviewed and evaluated each year.

Appraisal Resources

- **Personnel** – The appraisal staff consisted of 2 Registered Professional Appraisers and 2 Class 2 Appraisers.
- **Data** - The data used by field appraisers 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, or personal property data sheets. Other data used include maps, sales data, fire and damage reports, building permits, photos and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate marketplace. The District cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

Appraisal Frequency and Method Summary

- **Residential Property** – Residential property is examined at least once every three years with appraisers inspecting each home, noting condition of the improvement, and looking for changes that might have occurred to the property since the last on-site check. In some subdivisions where change of condition is frequent, homes are examined annually. Every subdivision is statistically analyzed annually to ensure that sales that have occurred in the subdivision during the past 12 months are within the +/- 5% range of appraised value. If the sales do not indicate that range, adjustments are made to the subdivision using a process outlined in detail in the Residential Appraisal section in this report.
- **Commercial Property** – Commercial real estate is examined at least once every three years. Commercial real estate accounts are analyzed against sales of comparable properties in Kleberg CAD as well as similar communities in South Texas that have similar economies. The income approach to value is also utilized to appraise larger valued commercial properties such as strip

centers, apartment complexes, office buildings, storage units, motels and hotels, and other types of property that typically sell based on net operating income.

- **Business Personal Property** – Business personal property is observed annually with appraisers going into businesses and analyzing renditions to develop quality and density schedules. A rendition is sent to all businesses to complete. Similar businesses to a subject are analyzed annually to determine consistency of appraisal per square foot. Businesses are categorized using SIC codes. Rendition laws provide additional information on which to base the value of all BPP accounts.
- **Mobile Homes** – Mobile homes are observed annually with a field inspection done by the appraiser. The appraiser visits all mobile home parks, and gathers information from the park manager, and all mobile homes in the county. The appraiser pays special attention to the condition. Mobile homes are depreciated every year until they reach the minimum percent good.
- **Agriculture Property** – Agricultural property is examined at least once every three years with appraisers inspecting each tract of land, noting the status of the parcel (native, improved, tilled crop land, etc.) fences (condition of) and use of the parcel (whether the tract appears to be currently used for an agricultural use.) Agricultural use applications received each year are physically examined to determine qualification. Lease surveys are sent to landowners to gather lease amounts. An owner operator budget is requested from the largest landowner in the county and a combination of the two income amounts is used to determine an agricultural rate for pasture. Then the income approach to value is utilized annually to obtain an agricultural value using a five-year average of lease amounts for each agricultural use, deducting for expenses, and finally capitalizing the remainder.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real 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 location, and improvement data, such as square foot of living area, year built, quality of construction, and condition. Field appraisers are 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 this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field for 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 appraisers conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are through property inspection, new construction field effort, data review/relist field effort, data mailer questionnaires, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by

mail or via the Internet. A principal source of data comes from building permits received from the City of Kingsville that require property owners to take out a building permit. Area and regional real estate brokers and managers are also sources of market and property information. Data surveys of property owners requesting market information and property description information are also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. Improvement cost information is gathered from local building contractors and Marshall Valuation Service. Co-Star was utilized as a commercial income source for 2024. Various income and rental surveys are received by interviewing property managers and operators to determine operating income and expenses for investment and income producing real property. Rural properties are located and upgraded using subdivision plats filed at the County Clerk's office.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers drive entire neighborhoods to review the accuracy of our data and identify properties that must be relisted. The PACS software program has a residential, commercial and land comparable program which can also assist in the accuracy of the data. 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 field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price. In commercial, we contact sales participants to confirm sales prices and to verify pertinent data.

Property owners are one of the best sources for identifying incorrect data that generates a field check. As the District has increased the amount of information available on the Internet, property owners can review information on their property. Some property owners let the District know by mail or phone calls of inaccuracies in their properties. 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 for Sales Information

The clerical department enters a property code on an account when an ownership change is completed, which generates a sales report. That code generates an event in the account and prints a sales survey letter to both buyers and sellers on the sales report. Sales survey letters are printed approximately once a month, or sooner depending on the count, for the mailout. The entire report is updated with submissions and sends out a second request for those buyers and sellers who did not respond to the first mailing. When a sales survey is received back in the office, it goes to the Real Estate appraiser who analyzes the sale information provided and updates the details on the appraisal card. The appraiser also determines if the sale is an arms-length transaction and therefore included in the sales analysis for the area. All data is entered into the sales file for the account.

Sales Ratio reports are generated based on some or most of the following criteria: sale dates, school districts, improvement classifications, neighborhoods, subdivisions, residential, land or commercial.

Once the information is entered into the sale account, the survey letter is scanned into the account for future reference and disposed of.

The Kleberg CAD does not have access to MLS information but is constantly working with the Kingsville Area Association of Realtors to remedy the situation to be able to collect all available sales data for single family residential properties through MLS and other reliable sources. The appraisers

collect available sales data and other relevant market information for commercial properties from third-party subscription services as well as research publications and Internet websites.

Data Collection Procedures

Appraisers of real estate and business personal property conduct field inspections and record information on work cards, which are then returned to the office and the Assistant Chief Appraiser spot checks the appraisal work cards for accuracy, the work cards are then put into a tray and retrieved and entered by the data entry personnel. Once entered, the work cards are returned to the appraiser to verify the information has been entered correctly. After the work cards are verified, they are given to the clerical department to scan into the corresponding account. Real estate work cards are placed into a recycle box to take to the recycling station in town. Personal property work cards are shredded.

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 each appraiser. New appraisers are trained in the specifics of data collection and the classification system set forth and recognized as “rules” to follow. A quality assurance process exists through supervisory review of the work being performed by the field appraisers. Quality assurance supervision is charged with the responsibility of ensuring that appraisers follow listing procedures, identify training issues, and provide uniform training throughout the field appraisal staff. Gain/Loss reports are run for both personal property and real property by % and dollar difference. The reports aid the appraiser in locating accounts which may have incorrect values.

Data Maintenance

The field appraiser is not responsible for the data entry of his/her fieldwork into the computer file. This responsibility falls upon the data entry personnel, which includes not only data entry, but also quality assurance. The operator presents discrepancies to the appraisers and appraisal supervisors for any needed corrections, which are made and returned to the data entry personnel for entry. Data updates and file modification for property descriptions and input accuracy are conducted as the responsibility of the field appraisers and appraisal supervisors.

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 a jurisdiction, dispute the District’s records concerning this 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 this 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 or neighborhoods, or in a cycle in the jurisdiction is done during the data review/re-list field effort.

Performance Test

The Chief Appraiser, Assistant Chief Appraiser and Residential Appraisers are responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within certain neighborhoods or districts. 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. This information is the basis for updating property valuation for the entire area of property to be evaluated. Field appraisers, in many cases, may conduct field inspections to ensure the accuracy of the property description at the time of sale for this study. This inspection is to ensure 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 after the sale date. Sale ratios should be based on the value of the property as of the date of sale. A subsequent or substantial change made to the property after the negotiation and agreement in price would give an inaccurate ratio study. Properly performed ratio studies are a good reflection of the level of appraisal for the District.

RESIDENTIAL IMPROVED AND VACANT LAND VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The residential appraisers are responsible for developing equal and uniform market values for residential improved and vacant land property.

Appraisal Resources

- **Personnel** – The residential and rural appraisal staff consisted of one supervisor and two appraisers. The following appraisers are responsible for estimating the market value of real property, residential and rural.

Isa Espinoza, Assistant Chief Appraiser
Tatiana Murphy, Real Property Appraiser
Alejandro Morante, Real Property Appraiser

- **Data** – A common set of data characteristics for each residential dwelling and rural land property in Kleberg County is collected in the field and data is entered into the computer. The property characteristic data drives the computer-assisted mass appraisal (CAMA) approach to valuation.

VALUATION APPROACH

Land Analysis

Residential 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 and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the neighborhood. Computerized land table files store the land information required to consistently value individual parcels within neighborhoods given known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use 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 locational 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 private vendors and 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 IAAO, TAAO, and TAAD classes. Rural land characteristics will include availability and access to water as well as soil classifications.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental, and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts (ISD). Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood, or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser as an indication of market price ranges and indications of property component change considering a given period relative to the date of appraisal. Cost and Market Approaches to estimate value are the basic techniques utilized to interpret these sales. For multiple family properties the Income Approach to value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A “neighborhood” for analysis purposes is defined as the largest geographic grouping of properties where the property’s physical, economic, governmental, and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as “delineation”. Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood’s individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability, or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the District. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field-inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived

areas of limited or no sales or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis.

Highest and Best Use Analysis

The highest and best use of a 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. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and decides the highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest, and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic misimprovements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties. The District complies with Texas Property Tax Code Section 23.01 (c) by considering foreclosed properties in determining market value for residence homesteads or considering property whose market value has declined due to a declining economy. The District complies with Texas Property Tax Code Section 23.01 (d) in that the market value of a residence homestead is determined solely based on the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property. The District complies with Texas Property Tax Code Section 23.01(e) if the appraised value of a property is lowered during an ARB hearing, the Chief Appraiser cannot increase the value unless the increase is reasonably supported by substantial evidence.

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 use rates from Marshall Valuation Service, 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. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales. The cost schedules are reviewed regularly because of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 5% 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 the 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 the Marshall Valuation Service manual, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality, and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the District's cost schedule to follow local building costs as reflected by the local market. Cost schedules are then updated to reflect these changes.

Sales Information

Residential vacant land sales, along with commercial improved 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 the buyer and seller, field discovery, protest hearings, comptroller questionnaires, various sales vendors, builders, and realtors. A system of type, source, validity, and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sales prices. The effect of time as an influence on price was considered by paired comparison and applied in the ratio study to the sales as indicated within each neighborhood area. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of changes regarding price, as indicated by sales prices for similar property within the current market.

Land Analysis

The Assistant Chief Appraiser and the Real Estate Appraisers conduct residential and rural land analysis. The appraisers develop a base lot, primary rate, and assign each unique neighborhood to a land table. Computerized land table files store the land information required to consistently value individual parcels within neighborhoods. Specific land influences are used, where necessary, to adjust parcels outside the neighborhood norm for such factors as location, shape, size, and topography, among others. The appraisers use abstraction and allocation methods to ensure the land values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

The Assistant Chief Appraiser and the Real Estate Appraisers perform 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 neighborhoods in the District to judge the two primary aspects of mass appraisal accuracy—level and uniformity of value. Appraisal statistics, of central tendency generated from sales ratios, are evaluated, and analyzed for each neighborhood. The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted mean reflects the general level of appraised value between comparable neighborhoods.

The appraisers, through the sales ratio analysis process, reviews neighborhoods annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraisers, based on the sales ratio statistics and designated parameters for valuation

update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.

Rural land is divided into acreage breakdowns. Sales are collected for various ranges of acreage to determine market values for similar parcel sizes. Sales are also collected for various subdivisions which fall out of range of rural tracts but can be used as special pricing for characteristics such as rural subdivision lots, waterfront property, highway frontage, business 14th Street, business King Street, etc.

Market and Cost Reconciliation and Valuation

Neighborhood, or market adjustment, factors are developed from appraisal statistics provided from ratio studies and are used to ensure that estimated values are consistent with the market. The District's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

$$MV = MA (RCN - AD) + LV$$

Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the market adjustment factor (MA) times the replacement cost new of property improvements (RCN) less accrued depreciation (AD) plus the land value (LV). 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, by 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. This 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 this property component can best be reflected and based on the annualized accrued depreciation rate. This cost-related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, 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. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the

sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 95% to 105%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to be determined by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market-suggested influences and factors on the price of improvements that were a part of recently sold property. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or economic obsolescence. This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicated the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sales ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sale prices available within a given neighborhood. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each update neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district.

Treatment of Residence Homesteads

Beginning in 1998, the State of Texas implemented a constitutional classification system concerning the appraisal of residential property that receives a residence homestead exemption. Under that law, beginning in the second year a property receives a homestead exemption; increases in the assessed value of that property are "capped." The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER of:

1. The market value of the property for the most recent tax year that the market value was determined by the appraisal office; or
2. The sum of:
 - (A) 10% of the appraised value of the property for the preceding tax year;

- (B) The appraised value of the property for the preceding tax year; and
- (C) The market value of all new improvements to the property.

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the year following sale of the property and the property is appraised at its market value. An analogous provision applies to new homes. While a developer owns them, unoccupied residences may be partially complete and appraised as part of an inventory. This valuation is estimated using the District's land value and the percentage of completion for the improvement contribution that usually is similar to the developer's construction costs as a basis of completion on the valuation date. However, in the year following changes in completion, occupancy, or sale, they are appraised at market value.

Circuit Breaker Limitation on Appraised Value of Real Property Other Than Residence Homestead

Beginning in 2024, The State of Texas implemented a constitutional classification system concerning the appraisal of real property other than residence homestead properties. Section 23.231 of the Texas Property Tax Code, applies to any Real, Mobile Home, or mineral account that:

- Has a market value under \$5 million.
- Does not have a residence homestead
- Has an appraised value increase of 20% or more.
- Is not valued using the following special appraisal methods:
 - Agricultural land, timberland, recreational, park and scenic land; public access airport property; or restricted-use timberland
- Takes effect as to a parcel of real property on January 1 of the tax year following the first tax year in which the owner owns the property on January 1.

Notwithstanding the requirements of periodic reappraisals, 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 real property to which this section applies for a tax year to an amount not to exceed the lesser of:

- (1) The market value of the property for the most recent tax year that the market value was determined by the appraisal office; or
- (2) The sum of:
 - 20 Percent of the appraised value of the property for the preceding year;
 - The appraised value of the property for the preceding tax year; and
 - The market value of all new improvements to the property.

When appraising real property to which this section applies, the chief appraiser shall:

- (1) Appraise the property at its market value; and
- (2) Include in the appraisal records both the market value of the property and the amount computed under this section's formula.

This section expires December 31, 2026.

SB 812

During the 86th Legislative session, Senate Bill 812 (“SB 812”) was signed into law, effective immediately, which gave continued property tax relief to recipients of disaster related long-term housing aid. To inform the various appraisal districts of those recipients who received such housing relief, the General Land Office (“GLO”), as the designated agency for the management and execution of federally funded disaster housing programs for the State of Texas, provides a list of homes that were renovated/reconstructed under GLO’s disaster recovery programs to the chief appraiser of each appraisal district where these homes were located. The list provides an inventory of those completed homes within this appraisal district in accordance with SB 812 compliance requirements. The listing of recipient’s names and addresses is kept confidential and secured. Pursuant to newly enacted Texas Government Code, § 552.160, the name and address of a person who has applied for state or federal assistance is considered confidential. Under 2 C.F.R., §200.79, PII consists of information “that can be used to distinguish or trace an individual's identity” such as a recipient’s name and address and governmental entities are required to ensure that such information is protected and used for approved purposes only. The list was provided to the appraisal district under state law for the sole purpose of adjusting the appraisal values for completed homes under GLO’s disaster recovery programs and all precautions were used to protect such data from unauthorized access, destruction, use, modification and/or disclosure. As housing reconstruction and renovation under the GLO’s disaster recovery programs is continuous, GLO will update such listings monthly.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are field reviewed on a periodic basis to check for accuracy of data characteristics.

As the District’s parcel count has increased through new home construction, and the homes constructed in the boom years of the late 70’s and early 80’s experience remodeling, the appraisers are required to perform the field activity associated with transitioning and high demand neighborhoods. Increased sales activity has also resulted in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional, and economic obsolescence, factors contributing significantly to the market value of the property. During this review, the appraiser can physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Valuation reports, commonly known as Gain/Loss Reports, comparing previous values against proposed and final values are generated for all residential improved and rural vacant properties. The percentage of value difference is noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value go to the data entry staff.

PERFORMANCE TESTS

Sales Ratio Studies

The Property Tax Assistance Division of the state comptroller's office conducts a property value study, PVS, every two years. The PVS is a ratio study used to gauge appraisal district performance. Results for the PVS play a part in school funding. The primary tool used to measure mass appraisal and improve performance is the ratio study. A ratio study compares appraised values to market prices. In a ratio study, market values (value in exchange) are typically represented with the range of sales prices, i.e., a sales ratio study. Independent, expert appraisals may also be used to represent market values in a ratio study, i.e., and appraisal ratio study. If there are not enough examples of market price to provide necessary representativeness, independent appraisal can be used as indicators for market value. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value but reflecting the use-value requirement.

The District ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each neighborhood to allow the appraiser to review general market trends within their area of responsibility and provide an indication of market appreciation over a specified time. The District uses ratio studies to adjust schedule values.

Management Review Process

Once the proposed value estimates are finalized, the appraisers and the Assistant Chief Appraiser review the sales ratios by neighborhood and pertinent valuation data, such as weighted sales ratio and pricing trends are set for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

AGRICULTURAL PROPERTY VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The Agricultural Appraiser is responsible for estimating equal and uniform agricultural values for agricultural real property.

Appraisal Resources

- **Personnel** – The agricultural appraisal staff consisted of 1 supervisor and 4 appraisers.

Isabel Espinoza, Assistant Chief Appraiser
Tatiana Murphy, Real Property Appraiser
Alejandro Morante, Real Property Appraiser

VALUATION APPROACH

Land Analysis

The appraised value of qualified open-space land is determined based on the category of the land, using accepted income capitalization methods applied to average net to land. The appraised value so determined may not exceed the market value as determined by other appraisal methods. The comptroller develops and distributes to each appraisal office appraisal manuals setting forth the method of appraising qualified open-space land.

DATA COLLECTION / VALIDATION

Data Collection Manuals

Data collection and documentation for agricultural property is continually updated, providing a uniform system of itemizing the multitude of agricultural uses.

Lease surveys are mailed annually at the beginning of each year to each new property owner of agricultural land and to every other property owner who notified the CAD of land leased for agricultural purposes. After the surveys of property have been sorted, verified, and keyed into the database, the survey data is summarized and produced into list form. The survey reports are identified as Ranch Improved Pasture, Ranch Native Pasture, Ranch Brush Pasture, Dry Tilled Cropland, Irrigated Tilled Cropland, Wasteland and Beekeeping. The appraiser categorizes the surveys by property and use type and sorts the data by years and acreage. An owner operator budget is requested by the one large property owner to be used in the calculation of agricultural values for Kleberg County.

Sources of Data

In terms of agricultural survey data, Kleberg CAD receives a copy of the survey from the owners of agricultural land. A request for this information is sent every year to gather as much information from the property owners as possible. 2010 was the first year Kleberg CAD started using owner operator budget information and the owner provided the CAD with information necessary to aid the District in the calculation of agriculture rates. Oblique imagery is a useful tool to aid in appraising properties in which physical access would be impossible without the owner's assistance. The Kleberg CAD used Google Earth Pro to aid in locating properties. The District utilizes reports from the Farm Service Agency which document the number of acres reported as cropland, grass, turn row, etc., and in governmental programs, for example CRP. Several websites offer helpful information in the calculation of agriculture rates. The National Agricultural Economics website provides the District with crop budgets which are used in the calculation of share lease rates for dry land cropland. The Texas Comptroller's office also aids the office when a source cannot be accessed.

Valuation Analysis

The comptroller by rule develops and distributes to each appraisal office appraisal manuals setting forth the method of appraising qualified open-space land. The appraiser calculates net to land by considering the income that would be due to the owner of the land under cash lease, share lease, or whatever lease arrangement is **typical** in this area for that category of land, and all expenses directly attributable to the agricultural use of the land by the owner shall be subtracted from this owner income and the results shall be used in income capitalization. Net to land means the average annual net income derived from the use of open-space land that would have been earned from the land during the five-year period preceding the year before the appraisal by an owner using ordinary prudence in the management of the land and the farm crops or livestock produced or supported on the land and, in addition, any income received from hunting or recreational leases. Income capitalization is the process of dividing net to land by the capitalization rate to determine the appraised value. The comptroller's office provides each appraisal district with the capitalization rate for each appraisal year's appraisal. Kleberg County is a hunting county, most of the acres in native and brush pasture are used for hunting purposes, therefore the District includes in the calculation of the agriculture rates for native and brush, the addition of hunting income.

Kleberg County is unique in that one landowner owns approximately **89.08%** of the pastureland in the county. The agriculture calculation for 2024 is based on a combination of the methodology set forth by rule and the owner/operator budget for this one landowner. The District sends out lease surveys to other taxpayers to obtain lease information. The District calculates a five-year average net to land based on lease surveys in Kleberg County for native, brush and improved pasture. The District also obtains owner operator budget information showing income and expenses and can get a net to land for the five-year period preceding the year before the appraisal year. The District will take a percentage, **89.08%**, of the owner operator values and a percentage, **10.92%**, of the five-year average net to land of lease surveys and combine the two into one rate for native, brush, barren and lake. The percentages are based on the number of acres each class contributes to the overall total acres in native, brush, barren and lake in Kleberg County.

These rates will then be multiplied by the index factors based on the soil survey in Kleberg County. The result will then be divided by the 2024 cap rate, **10.60%**, to determine the 2024 agriculture values for Kleberg County.

A penalty code for late filing after April 30th is also applied to the account if an application is not submitted in a timely fashion.

PERFORMANCE TESTS

Sales Ratio Studies

The Property Tax Assistance Division of the state comptroller's office conducts a property value study (PVS) every two years. The PVS is a ratio study used to gauge appraisal district performance. Results for the PVS play a part in school funding. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value but reflect the use-value requirement. An example of this is agricultural lands to be appraised based on productivity or use value. Ratio studies are used to adjust schedule values.

COMMERCIAL PROPERTY VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The Commercial Appraiser is responsible for developing equal and uniform market values for commercial property. The mass appraisal assignment includes all the commercially described real property, which falls within the responsibility of the field appraisers of the Kleberg County Appraisal District and is located within the boundaries of this jurisdiction. The appraisers appraise the fee simple interest of properties according to statute and court decisions. However, the affect of easements, restrictions, encumbrances, leases, contracts, or special assessments are considered on an individual basis, as is the appraisal of any non-exempt taxable fractional interests in real property (i.e., certain multi-family housing projects).

Appraisal Resources

- **Personnel** – The improved real property appraisal responsibilities are categorized according to major property types of multi-family or apartment, office, retail, warehouse and special use (i.e. hotels, hospitals and nursing homes). The following appraisers are responsible for estimating the market value of commercial property:

Isabel Espinoza, Assistant Chief Appraiser

Tatiana Murphy – Real Property Appraiser

Alejandro Morante – Real Property Appraiser

- **Data** – The data used by the appraiser includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other data used by the appraiser includes actual income and expense data (typically obtained through the hearings process), actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Market Study

Market studies are utilized to test new or existing procedures or valuation modifications in a limited sample of properties located in the District and are also considered and become the basis of updating whenever substantial changes in valuation are made. These studies target certain types of improved property to evaluate current market prices for rents and for sales of commercial real property. These comparable sale studies and ratio studies reveal whether the valuation system is producing accurate and reliable value estimates or whether procedural and economic modifications are required. The appraiser implements this methodology when developing cost approach, market approach, and income approach models.

Kleberg CAD coordinates its discovery and valuation activities with adjoining appraisal districts. Numerous interviews and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. Co-Star, a subscription service to assist in income producing property, was used to get income information and sales information on commercial property. In addition, Kleberg CAD administration and personnel interact with other assessment officials through professional trade organizations including the International Association of Assessing Officers, Texas Association of Appraisal Districts, and the Texas Association of Assessing Officers. District staff strives to maintain appraisal skills and professionalism by continuing education in the form of courses that are offered by several professional associations such as the Texas Association of Appraisal District (TAAD) and Texas Association of Assessing Officers (TAAO).

VALUATION APPROACH

Land Analysis

Commercial land is analyzed annually to compare appraised values with recent sales of land in the market area. If appraised values differ from the sales prices being paid, adjustments are made to all land in that region. Generally, commercial property is appraised on a price per square foot basis. Factors are placed on individual properties based on corner influence, depth of site, shape of site, easements across site, and other factors that may influence value. The land is valued as though vacant at the highest and best use.

Neighborhood Analysis

The neighborhood and market areas are comprised of the land area and commercially classed properties located within the boundaries of the appraisal jurisdiction. These areas consist of a wide variety of property types including multiple-family residential and commercial. Neighborhood 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 properties these subsets of a universe of properties are generally referred to as market areas, neighborhoods, or economic areas.

Economic areas are defined by each of the improved property use types (apartment, office, retail, warehouse, and special use) based upon an analysis of similar economic or market forces. These include but are not limited to similarities of rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity or other pertinent influences. Economic area identification and delineation by each major property use type is the benchmark of the commercial valuation system. All income model valuation (income approach to value estimates) is economic area specific. Economic areas are periodically reviewed to determine if redelineation is required. The geographic boundaries as well as income, occupancy and expense levels and capitalization rates by age within each economic area for all commercial use types and its corresponding income model have been estimated for these properties.

Under the Texas Property Tax Code Section 23.18, qualified homeowner's associations must be appraised based on a nominal value to avoid double taxation with property enhanced by the owner's right to use the organization's property as a member. Homeowner's Associations nominal value qualification is determined using a Homeowner's Organization Nominal Valuation Worksheet. In January a worksheet is mailed to various homeowner's associations in Kleberg County. Once received

back in the office with the required documentation, those qualified homeowner's associations will receive a nominal value of \$100 for any improvement and \$100 for the land value.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest net to land and present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This perspective assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, is excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. In many instances, the property's current use is the same as its highest and best use. This analysis ensures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This perspective for value may be significantly different than market value, which approximates market price under the following assumptions: (i) no coercion of undue influence over the buyer or seller to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interest, (iii) a reasonable time for the transaction to take place, and (iv) payment in cash or its equivalent.

Market Analysis

A market analysis is used in examining market forces affecting supply and demand. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves), expense ratio trends, capitalization rate studies are analyzed to determine market ranges in price, operating costs, and investment return expectations.

DATA COLLECTION / VALIDATION

Data Collection Manuals

Data collection and documentation for commercial property is continually updated, providing a uniform system of itemizing the multitude of components comprising improved properties. All properties located in Kleberg CAD's inventory are coded according to a specific classification system and the approaches to value are structured and calibrated based on this coding system.

Annually, after the sales of property have been researched, verified, keyed into the database, and quality controls have been completed, the sales data is summarized and produced into list form. The confirmed sales ratio reports, identified as the Commercial Improved Property and Vacant Land sales listings categorized the sales by property and use type, and sort the data by location and chronological order. Many of these sales are available to the public for use during protest hearings and are also used by the Kleberg CAD appraisers during the hearings process.

Sources of Data

In terms of commercial sales data, Kleberg CAD receives a copy of the deeds recorded in Kleberg County that convey commercially classed properties. These deeds involving a change in commercial ownership are entered into the sales information system and researched to obtain the pertinent sale information. Other sources of sale data include the protest hearings process and local, regional, and national real estate and financial publications.

For those properties involved in a transfer of commercial ownership, a “sales file” is produced which begins the research and verification process. The initial step in sales verification involves a computer-generated questionnaire, which is mailed to both parties in the transaction (Grantor and Grantee). If a questionnaire is answered and returned, the documented responses are recorded into the computerized sales database system. Other sources contacted are the brokers involved in the sale, property managers or commercial vendors. In other instances, sales verification is obtained from local appraisers or others that may have the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

Valuation Analysis

Model calibration involves the process of periodically adjusting the mass appraisal formula, tables, and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, material and/or costs, which can vary from year to year. The basic structure of a mass appraisal model can be valid over an extended period, with trending factors utilized for updating the data to the current market conditions.

Cost Schedules

The cost approach to value is applied to improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on local comparable properties whenever possible. Cost models are typically developed based on the Marshall Valuation Service which indicates estimated hard or direct costs of various improvement types. Cost models include the derivation of replacement cost new (RCN) of all improvements represented within the District. These include comparative base rates, per unit adjustments and lump sum adjustments for variations in property description, design, and types of improvement construction. This approach and analysis also employ the sales comparison approach in the evaluation of soft or indirect costs of construction. Evaluating market sales of newly developed improved property is an important part of understanding total replacement cost of improvements. What total costs may be involved in the development of the property, as well as any portion of cost attributed to entrepreneurial profit can only be revealed by market analysis of pricing acceptance levels. In addition, market related land valuation for the underlying land value is important in understanding and analyzing improved sales for all development costs and for the abstraction of improvement costs for construction and development. Time and location modifiers are necessary to adjust cost data to reflect conditions of a specific market and changes in costs over a period. Because a national cost service is used as a basis for the cost models, locational modifiers and estimates of soft factors are necessary to adjust these base costs specifically for various types of improvements located in Kleberg County. Thus, local modifiers are additional cost factors applied to replacement cost estimated by the national cost service. Estimated replacement cost new will reflect all costs of construction and development for various improvements located in Kleberg CAD as of the date of appraisal.

The cost schedules are reviewed regularly because of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 5% from nationally recognized cost schedules.

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 the 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 the Marshall Valuation Service manual, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality, and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the District's cost schedule to follow local building costs as reflected by the local market. Cost schedules are then updated to reflect these changes.

Accrued depreciation is the sum of all forms of loss affecting the contributory value of the improvements. It is the measured loss against replacement cost new taken from all forms of physical deterioration, functional and economic obsolescence. Accrued depreciation is estimated and developed based on losses typical for each property type at that specific age. Depreciation estimates have been implemented for what is typical of each major class of commercial property by economic life categories. Estimates of accrued depreciation have been calculated for improvements with a range of variable years expected life based on observed condition considering actual age. These estimates are continually tested to ensure they are reflective of current market conditions. The actual and effective ages of improvements are noted in CAMA. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

Additional forms of depreciation such as external and/or functional obsolescence can be applied if observed. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility specific condition adequacy or deficiency, property type or location and can be developed via ratio studies or other market analyses.

The result of estimating accrued depreciation and deducting that from the estimated replacement cost new of improvements indicates the estimated contributory value of the improvements. Adding the estimated land value as if vacant, to the contributory value of the improvements, indicates a property value by the cost approach. Given relevant cost estimates and market related measures of accrued depreciation, the indicated value of the property by the cost approach becomes a very reliable valuation technique.

Income Models

The income approach to value is applied to those real properties which are typically viewed by market participants as "income producing", and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owner and from local market surveys conducted by the District and from information from area rent study reviews. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance are the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide for a reasonable lease-up period for multi-tenant properties, where applicable. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an indication of estimated annual effective gross rent to the property.

Next, a secondary income or service income is considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income, when applicable.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of lump sum costs. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices.

Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves when applicable) from the annual effective gross income yields an estimate of annual net operating income to the property.

Return rates and income multipliers are used to convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each of these multipliers or return rates are considered and used in specific applications. Rates and multipliers may vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market for individual income property types and uses. These procedures are supported and documented based on analysis of market sales for these property types.

Capitalization analysis is used in the income approach models to form an indication of value. This methodology involves the direct capitalization of net operating income as an indication of market value for a specific property. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of property return expectations a specific market participant is requiring from an investment at a specific point in time. This method relates to satisfying estimated market return requirements of both the debt and equity positions in a real estate investment. This information is obtained from available sales of property, local lending sources, and from real estate and financial publications.

In the 2024 appraisal year, all the income producing properties were separated into different classes, identified by CoStar, which used the same formula to calculate the appraised value.

Sales Comparison (Market) Approach

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

Final Valuation Schedules

Market factors reflected within the cost and income approaches are evaluated and confirmed based on market sales of commercial properties. The appraisers review the cost, income, and sales comparison approaches to value for each of the types of properties with available sales information. The final valuation of a property is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards are used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Appraisal statistics of central tendency and dispersion generated from sales ratios are calculated for each property type with available sales data. These summary statistics including, but not limited to, the weighted mean, provide the appraisers with an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value.

The appraiser reviews commercial property types annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverables and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates and conclusions are compared to actual information obtained on individual commercial and industrial income properties during the protest hearings process, as well as with information from published sources and area property managers and owners.

Circuit Breaker Limitation on Appraised Value of Real Property Other Than Residence Homestead

Beginning in 2024, The State of Texas implemented a constitutional classification system concerning the appraisal of real property other than residence homestead properties. Section 23.231 of the Texas Property Tax Code, applies to any Real, Mobile Home, or mineral account that:

- Has a market value under \$5 million.
- Does not have a residence homestead
- Has an appraised value increase of 20% or more.
- Is not valued using the following special appraisal methods:
 - Agricultural land, timberland, recreational, park and scenic land; public access airport property; or restricted-use timberland
- Takes effect as to a parcel of real property on January 1 of the tax year following the first tax year in which the owner owns the property on January 1.

Notwithstanding the requirements of periodic reappraisals, 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 real property to which this section applies for a tax year to an amount not to exceed the lesser of:

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

When appraising real property to which this section applies, the chief appraiser shall:

- 1) Appraise the property at its market value; and
- 2) Include in the appraisal records both the market value of the property and the amount computed under this section's formula.

This section expires December 31, 2026.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The Commercial Appraiser is somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by the appraiser to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Additionally, the appraiser frequently field reviews subjective data items

such as building class, quality of construction (known as cost modifiers), condition, and physical, functional, and economic obsolescence factors contributing significantly to the market value of the property. In some cases, field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the appraiser tests computer assisted values against their own appraisal judgment. While in the field, the appraiser physically inspects sold and unsold properties for comparability and consistency of values.

PERFORMANCE TESTS

Sales Ratio Studies

The Property Tax Assistance Division of the state comptroller's office conducts a property value study (PVS) every two years. The PVS is a ratio study used to gauge appraisal district performance. Results for the PVS play a part in school funding. The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a ratio study, market values (value in exchange) are typically represented with the range of sales prices, i.e., a sales ratio study. Independent, expert appraisals may also be used to represent market values in a ratio study, i.e., an appraisal ratio study. If there are not enough examples of market price to provide necessary representativeness, independent appraisal can be used as indicators for market value. This can be particularly useful for commercial real property for which sales are limited. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value but reflect the use-value requirement. Examples of this are multifamily housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing).

Sales ratio studies are an integral part of estimating equitable and accurate market values, and ultimately property assessments for these taxing jurisdictions. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate models used to estimate appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Kleberg County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Overall sales ratios are generated by use type annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility and for Property Study from the Property Tax Assistance Division of the Comptroller's Office. The appraisers utilize desktop applications such as EXCEL programs to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, this may be customized and performed by building class and age basis. In many cases, field checks may be conducted to ensure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics.

These ratio studies aid the appraiser by providing an indication of market activity by economic area or changing market conditions (appreciation or depreciation).

BUSINESS PERSONAL PROPERTY VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The Personal Property Appraiser is responsible for developing equal and uniform market values for business personal property. There are four different personal property types appraised by the District: Business Personal Property accounts; leased assets; vehicles, aircraft, and watercraft; and multi-location assets.

- **Personnel** – The property staff consists of one appraiser:

Marlene Perez, Business Personal Property Appraiser / Mobile Home Appraiser

- **Data** –The Personal Property Appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, newspaper, property renditions, sales tax permit listing, Internet discoveries, license list, aircraft, vehicle and watercraft registrations, and interviews with the property owner.

VALUATION APPROACH (MODEL SPECIFICATION)

SIC Code Analysis

Four-digit numeric codes, called Standard Industrial Classification (SIC) codes were developed by the federal government and are used by the Kleberg CAD to classify personal property by business type. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific.

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 use.

Income-Producing Tangible Personal Property having value of less than \$2,500

A person is entitled to an exemption from taxation of the tangible personal property the person owns that is held or used for the production of income if that property has a taxable value of less than \$2,500.

This exemption applies to each separate taxing unit in which a person holds or uses tangible personal property for the production of income, and all property in each taxing unit is aggregated to determine taxable value.

DATA COLLECTION / VALIDATION

Data Collection Procedures

Personal property data collection procedures are printed and distributed to all appraisers. The appraisal procedures are reviewed and revised to meet the changing requirements of field data collection.

Sources of Data

Business Personal Property

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, re-evaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. Tax assessors, local newspapers, the State of Texas, and the public often provide the District information regarding new personal property and other useful facts related to property valuation.

Vehicles

An outside vendor provides Kleberg CAD with a listing of commercial vehicles within Kleberg County. The vendor develops this listing from the Texas Department of Transportation (DOT) Title and Registration Division records and places a value for each registration on the list. A listing of all vehicle registrations in Kleberg County is also made available through an open records request through the Texas Department of Transportation, Vehicle Titles, and Registration Division. Property owner renditions, field inspections, commercial registrations, and the Kleberg County motor vehicle registrations are the sources of data for vehicles in a jurisdiction.

Aircraft

An internet site, FAA Registry, provides a listing of all aircraft registrations in Kleberg County. The District also subscribes to AIR PAC Aircraft registration. This source provides a list of all aircraft registrations in Kleberg County as well. Once the list has been analyzed, aircraft rendition forms are mailed to each registrant. Property owner renditions, field inspections, FAA Registry, and the AIR PAC Aircraft registrations are the sources of data for aircraft in each jurisdiction.

Watercraft

An internet site, Texas Parks and Wildlife, provides all watercraft registrations in Kleberg County. Per an open record request, a list of all watercraft registrations is generated. Once the list is received, watercraft rendition forms are mailed to each registrant. Property owner renditions, field inspections, and the Texas Parks and Wildlife open records request are the sources of data for watercraft in a jurisdiction.

Leased and Multi-Location Assets

The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION)

Cost Schedules

Analyzing cost data from property owner renditions, hearings, CAD schedules, and published cost guides develops the cost schedules. The cost schedules are typically in a price per square foot format, but some exception SIC's fall in an alternate price per unit format, such as per room for hotels. The cost schedules are reviewed regularly because of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 5% from nationally recognized cost schedules.

A review of the business personal property cost schedule is performed annually. As part of the review and evaluation process of the estimated replacement cost, cost schedules are then updated to reflect these changes. The results of this comparison are analyzed using statistical measures, including stratification by quality and quantity.

Statistical Analysis

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

Vehicles

Value estimates for vehicles are provided by an outside vendor and are based on NADA published book values. The appraiser uses NADA guide values for vehicles that are not valued by the vendor.

Depreciation Schedules and Trending Factors

Kleberg CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) developed from property owner reported historical cost. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Kleberg CAD are also based on published valuation guides. The index factors and percent good depreciation factors are used to develop present value factors (PVF) by year of acquisition, as follows:

$$\text{PVF} = \text{INDEX FACTOR} \times \text{PERCENT GOOD FACTOR}$$

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

$$\text{MARKET VALUE ESTIMATE} = \text{PVF} \times \text{HISTORICAL COST}$$

Taking the percent good factor and multiplying it by the index factor and then by the historical cost new determines the market value. This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent within the market.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

All personal property accounts are reviewed annually. If renditions are received, they are analyzed by the appraiser to determine a value. If a rendition is not received, the account is analyzed, and the personal property schedule is applied (if applicable). A penalty code for no filing is also applied to the account if a rendition is not submitted in a timely fashion.

Vehicles

An outside vendor provides a report of all commercial registrations in Kleberg County and places a value based on published sources. The accounts are sorted by the owner's name. The report is matched to existing accounts and new accounts are created as needed. For all other vehicle registrations in Kleberg County, the listing from the DOT is used. It is sorted by the owner's name. When a vehicle is not rendered but used to produce income, the name is looked up in this report and the year, make, and model of the registered vehicle are shown. The appraiser uses published guides for vehicles that are not valued by the vendor using NADA manuals for new and used vehicles.

Aircraft

An internet site and an outside vendor provide a report of all aircraft registrations in Kleberg County. The accounts are sorted by the owner's name. The report is matched to existing accounts and new accounts are created as needed. When an airplane is not rendered but used to produce income, the name is looked up in this report and the year, make, and model of the registered aircraft are shown. The appraiser uses published guides for aircraft using the V-Ref Aircraft Value Reference.

PERFORMANCE TESTS

Ratio Studies

The Property Tax Assistance Division of the state comptroller's office conducts a property value study (PVS) every two years. The PVS is a ratio study used to gauge appraisal district performance. Results for 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 Kleberg CAD's personal property values and ratios are indicated.

MOBILE HOME VALUATION PROCESS

INTRODUCTION

Appraisal Responsibility

The Mobile Home Appraiser is responsible for estimating equal and uniform market values for mobile homes.

- **Personnel** – The property staff consists of one appraiser:

Marlene Perez, Mobile Home Appraiser / Business Personal Property Appraiser

- **Data** –The Mobile Home Appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, Texas Department of Housing and Community Affairs website, and interviews with the property owners.

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 a mobile home is normally its' current use.

Circuit Breaker Limitation on Appraised Value of Real Property Other Than Residence Homestead

Beginning in 2024, The State of Texas implemented a constitutional classification system concerning the appraisal of real property other than residence homestead properties. Section 23.231 of the Texas Property Tax Code, applies to any Real, Mobile Home, or mineral account that:

Has a market value under \$5 million.

Does not have a residence homestead

Has an appraised value increase of 20% or more.

Is not valued using the following special appraisal methods:

Agricultural land, timberland, recreational, park and scenic land; public access airport property; or restricted-use timberland

Takes effect as to a parcel of real property on January 1 of the tax year following the first tax year in which the owner owns the property on January 1.

Notwithstanding the requirements of periodic reappraisals, 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 real property to which this section applies for a tax year to an amount not to exceed the lesser of:

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

When appraising real property to which this section applies, the chief appraiser shall:

- 1) Appraise the property at its market value; and
- 2) Include in the appraisal records both the market value of the property and the amount computed under this section's formula.

This section expires December 31, 2026.

DATA COLLECTION / VALIDATION

Data Collection Procedures

Mobile home data is obtained directly from owner information and mobile home park managers through field inspection. The appraiser takes a work card out into the field and makes all changes relating to the account in reference to ownership, situs, paying special attention to condition, which is then brought back into the office, analyzed, verified, compared with published appraisal guides, and then entered in the CAMA systems by the computer operator. The computer operator makes all changes to the account and gives the work card back to the appraiser to verify all information has been entered correctly into the system. The appraisal procedures are reviewed and revised to meet the changing requirement of field data collection.

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 information. From year to year, reevaluation activities permit the District's appraisers to collect new data via an annual field inspection. This project results in the discovery of new mobile homes, changes in ownership, relocation of mobile homes, and removal of mobile homes out of the county not revealed through other sources. The Texas Department of Housing and Community Affairs website shows a listing by county of all mobile home installations and inspections, current and cancelled manufactured home certificates. This source allows the appraiser to verify which mobile homes are still located in Kleberg County.

VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION)

Cost Schedules

The cost schedules are reviewed regularly because of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 5% from nationally recognized cost schedules.

A review of the mobile home cost schedule is performed annually. As part of the review and evaluation process of the estimated replacement cost, sold properties representing various levels of quality of construction in the 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 the Marshall Valuation Service manual, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the District's cost schedule to comply with local building costs as reflected by the local market. Cost schedules are then updated to reflect these changes.

The Kleberg CAD cost schedules were developed by analyzing cost data from Marshall Valuation Service - Special Supplemental Cost - Manufactured Housing section verified with the NADA Guides Connect - Manufactured Homes website and if available, from property owner renditions, hearing, and bills of sale. The Kleberg CAD cost schedules are divided into single and double wide tables, then subdivided by class and then by width. The Kleberg CAD uses the Marshall Valuation Service mobile home schedules and adjusts them with a local multiplier in the guide to adjust the national rate for factors such as state, Texas, and location, the location most comparable to the conditions in Kleberg County. Tables are then established by size, class, and width. The Kleberg CAD established quality class descriptions based on NADA Manufactured Housing Cost Guide category specifications.

Statistical Analysis

The appraiser classes the mobile home using the District's mobile home quality class descriptions, noting width, central air & heat, porches, wood decks, etc., actual year built, and effective year built. The tables are tested by logging onto the NADA Guides Connect website and entering specific information of different class mobile homes to test the District's computed table value against the NADA values. Upon reviewing several different class, year and width data, the District can verify the District's schedules fall in line with a 5% +/- margin of error with the NADA values.

Depreciation Schedule

Kleberg CAD's primary approach to the valuation of mobile homes is the cost approach. The replacement cost new (RCN) is developed by applying the schedule. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Kleberg CAD are also based on a published valuation guide, Marshall Valuation Service – Depreciation. Two depreciation tables are set up based on single with a 25-year life and double wide with a 30-year life. The District used the depreciation table for residential properties because of the minimum % good of 20% the District already had in place.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

The appraisers annually review all mobile home accounts.

PERFORMANCE TESTS

Ratio Studies

Every other year the Property Tax Assistance Division of the Texas State Comptroller's office conducts a property value study (PVS). The PVS is a ratio used to gauge appraisal district performance. Results for the PVS play a part in school funding. Mobile homes are not tested in Kleberg County on the Property Value Study.

LIMITING CONDITIONS

- The appraised value estimates provided by the District are subject to the following conditions:
- The appraisals were prepared exclusively for ad valorem tax purposes.
- The property characteristic data upon which the appraisals are based is assumed to be correct.
- Exterior inspections of the property appraised were performed as staff resources and time allowed. Some interior inspections of property appraised were performed on new properties and at the request of the property owner and required by the District for clarification purposes and to correct property descriptions.
- Validation of sales transactions was attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.
- I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

CERTIFICATION STATEMENT:

“I, Ernestina Flores, Chief Appraiser for the Kleberg County Appraisal District, solemnly swear that I have made or caused to be made diligent inquiry to ascertain all property in the District subject to appraisal by me, and that I have included in the records as property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law.”



Ernestina Flores RPA
Chief Appraiser

**STAFF PROVIDING SIGNIFICANT
MASS APPRAISAL ASSISTANCE**

<u>NAME</u>	<u>TITLE</u>	<u>TDLR NUMBER</u>
Ernestina Flores, PA	Chief Appraiser	66918
Isabel Espinoza, RPA	Assistant Chief Appraiser	67894
Marlene Perez, RPA	Field Appraiser	75565
Tatiana Murphy	Field Appraiser	77130
Alejandro Morante	Field Appraiser	77087

Wardlaw Appraisal Group, L.C. Mineral, Utility, Industrial, & Personal Property 2024 Mass Appraisal Report

INTRODUCTION

Appraisal Responsibility

Wardlaw Appraisal Group, L.C. (WAG) is a contracted mass appraisal firm responsible for developing fair and uniform market values on certain complex properties for client appraisal districts in Texas. The complex properties we appraise include mineral, utility, industrial, and personal properties. Appraisal districts include these types of property appraisals as part of their appraisal roll for each of the taxing jurisdictions they represent. WAG is contracted to support eleven (11) appraisal districts in 2024, which include Brooks, Denton, El Paso, Kenedy, Kleberg, La Salle, Marion, Runnels, Starr, Webb, and Zapata County.

Each contract between WAG and our client appraisal districts specifies our appraisal responsibilities. Generally, those responsibilities are to discover, inspect, appraise, and maintain ownership records of specific properties that are the subject of the contract. The properties covered under our contracts generally fall under the Texas Property Tax Code Categories G (minerals), J (utility), F1 (commercial real), F2 (industrial real), L1 (commercial personal), and L2 (industrial personal). The appraisal districts contract with WAG to provide these services because the districts do not have the personnel or resources to perform the appraisal internally.

Appraisal Resources

- Personnel – WAG maintains a professional employee and consulting staff skilled and experienced in property tax appraisal, engineering, information technology, administration, and division order maintenance. The appraisal staff consists of six (6) registered appraisers, four (4) of whom are Registered Professional Appraisers (RPA), and two (2) Texas Registered Professional Engineers. A list of personnel responsible for conducting the appraisal can be found in Attachment 'A.' All appraisers must maintain current registration with TDLR and supplement their mass appraisal skills through continuing education classes and property tax-related conferences.
- Data – WAG appraisers inspect their assigned properties, if appropriate, to obtain information about buildings, site improvements, process and shop equipment, and various items of personal property. In addition, appraisal personnel use information provided by property owners concerning the cost to purchase, install, and construct items of real and personal property. For mineral interests, data is collected from regulatory agencies such as the Texas Railroad

Commission and the Texas Comptroller of Public Accounts, as well as from published data sources and fee-for-service companies.

VALUATION APPROACH (MODEL SPECIFICATIONS)

MINERAL APPRAISAL

Discounted Cash Flow analysis is the Income Method of Appraisal (Section 23.012 of the Texas Property Tax Code) used as the most appropriate technique for determining the market value of mineral properties. It is the primary appraisal method used for mineral properties. The Market Data Comparison Method of Appraisal (Section 23.013) and the Cost Method of Appraisal (Section 23.011) are also used. In addition, petroleum industry tendencies for acquisition and replacement cost (usually in dollars per barrel of oil equivalent or per MCF of gas) are considered. Because the sales and purchase prices of oil and gas properties are not generally disclosed, the Market Data Comparison method can seldom be used.

WAG uses discounted cash flow analysis to appraise every producing lease in the appraisal districts we support. The appraised value of each lease is distributed to each working interest, royalty, and overriding royalty interest owner based upon their decimal interest in the lease.

The oil and gas lease market values are reviewed and tested to ensure reasonableness and consistency. The reviews and testing include a comparative analysis of the value, production, decline, and price change from the previous year's appraisal. Additionally, comparative rules of thumb are reviewed to determine if the market value is in the correct range. The most common of these rules of thumb is that the appraised value of a mineral interest is often within 24-60 months revenue.

Additionally, the Property Tax Division of the Texas Comptroller of Public Accounts performs a Property Value Study each year, which effectively provides testing and a comparative review of the mineral appraisals on a statistical sample of the leases in many of our counties.

UTILITY, INDUSTRIAL, AND PERSONAL PROPERTY APPRAISAL

The scope of market forces affecting industrial products and the capital goods used in the production process tends to extend beyond regional considerations. The effects of information and transportation technology are such that many industrial market forces are measured globally. One exception to this general concept is the market for industrial land. The pricing of land tends to be closely tied to possible alternative uses in the area. For this reason, the CAD appraisers assigned to land valuation analyze market forces for specific areas and adjust land value schedules appropriately.

Area Analysis

Neighborhood analysis of the type of properties valued by the industrial appraiser is not meaningful. Industrial properties do not have the type of generic "resemblance" that is appropriate for neighborhood models.

Highest and Best Use Analysis

The highest and best use of real or personal property is the most reasonable and probable use of the property on the date of appraisal that is physically and financially feasible, legal and that derives maximum production from the property. Usually, the current use of the property is the highest and best use of that property. Industrial facilities are commonly located in areas that support industrial use. In areas where mixed-use does occur, the highest and best use of the property is examined by the appraiser to estimate the effect of this factor.

Market Analysis

Market analysis is the basis for finalizing value estimates on properties for which the utility, industrial, and personal property appraiser has responsibility. Even though many utility and industrial properties are unique in nature, the market for this type of property is analyzed to determine how the values of similar properties, or properties that are as similar as possible, are affected by market forces. Some industrial properties, such as machine shops, have many facilities that can be compared to similar subject properties in terms of the type and size of equipment, type of property fabricated or services at the subject facility, and other factors. Those similarities help the appraiser estimate the value of the subject property.

Cost Analysis

The Cost Approach to value is applied to most personal property. This approach is utilized in conjunction with the Market and Income approaches to arrive at a final market value for most utility companies and many industrial companies. For the Cost Approach, depreciation schedules are developed based on the percent good typical for each property type at any specific age. Depreciation schedules have been implemented for what is typical of each major class of property by economic life categories. Schedules have been developed for improvements with varying years of expected life. The actual age, if known, and the effective ages of improvements are noted. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

Market adjustment factors such as external and/or functional obsolescence can be applied when warranted. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics.

These adjustments are typically applied to a specific property type or location and can be developed via ratio studies or other market analyses.

Many utility, industrial, and personal properties use the same types of buildings and depending on the type of business, may use the same types of manufacturing or service equipment. Many of the buildings encountered at industrial facilities are generic in construction, such as pre-engineered metal buildings. The cost per square foot to construct these types of structures can be used to estimate values at facilities that have similarly constructed buildings. However, the building as constructed will have differences that must be considered when estimating the final value of the property being reviewed. Most of these typical type buildings are appraised by appraisal district personnel.

However, some industrial properties, such as specialty chemical plants, are so unique in nature that the appraiser must use additional information such as output quantity, type of product manufactured, and other factors to estimate the value of the subject property. However, the way the entire business operation is put together may make a particular facility unique. The district uses information from similar businesses to examine the real property values at a particular business, but the individual characteristics of the business being reviewed determine the value estimation. Some industrial buildings are use specific and therefore have no comparable properties.

A similar analysis is used for personal property. Many items of personal property, such as furniture and fixtures, computers, and even machinery and equipment, are generic in construction, but individual characteristics that affect value, such as usage, environment where used, and level of care, will have an effect on the final value estimations. When cost data for this type of property is available and considered reliable, it is used for value estimation purposes at other plant facilities. However, on-site inspection and information provided by the property owner will affect the final value.

Income Analysis

Capitalization analysis is used in the income approach models. This methodology involves the capitalization of net operating income as an indication of market value for a specific property. Capitalization rates, both overall cap rates for the direct capitalization method and terminal cap rates for discounted cash flow analyses, can be derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of what a specific market participant requires from an investment at a specific point in time. In addition, overall capitalization rates can be derived from the built-up method (band-of-investment). This method relates to satisfying the market return requirements of both the debt and equity positions of a type of company.

Many utility companies are appraised on a Unit Appraisal Model, which utilizes both the income and cost approaches to value. Information from publicly available sources such as Federal Energy Regulatory Commission and Texas Railroad Commission financial reports are utilized to arrive at the input parameters for these types of properties.

DATA COLLECTION/VALIDATION

Data Collection

An extended range of variations may exist within the same class of utility, industrial, or personal property, and there are a multitude of property types within the industrial category. For this reason, effective data collection procedures would be very difficult to organize in a single comprehensive manual. WAG uses many different publications available to the industry, such as the Oilfield Appraiser and the Equipment Newsletter, and other companion data acquisition forms to standardize data collection for building schedules that are later assigned to the industrial appraisal staff. The data generated by these forms enable the appraiser to use the software to value industrial properties.

Industrial personal property also consists of many different classes of assets with a wide range of variation within each class. The district has adopted the convention of listing assets and estimating the effective age of assets in the field. The field listing is then compared with the information furnished by the property owners during the final valuation review.

Sources of Data

The original real and personal property data used by WAG on behalf of the CADs have been maintained on the CAD computer system. The district and contract appraisal personnel have updated that information based on field review, renditions, and personal contact information. For Commercial vehicles, an outside vendor, Just Texas, provides the appraisers with a listing of vehicles registered commercially in the County. The vendor develops this listing from the Texas Department of Transportation Title and Registration Division records. As new facilities are built, the appraisal personnel collect all the real and personal property data necessary to value the property initially and thereafter update the information when the property is again visited. Other sources of data include publications such as the Texas Register regarding waste control permits, various refining and chemical industry magazine articles, and Texas Industrial Expansion articles on new construction.

Data Collection Procedures

The district and contract appraisal personnel annually or periodically visit assigned plants and facilities. The frequency of the visit is determined by the nature of the business conducted at each facility. For example, refineries and chemical plants are continually changing or adding to processes to extract greater efficiencies or make new products, but machine shops may not add or remove equipment over a period of two or more years.

The appraisers take with them the past data on the building and site improvements and the prior listing of personal property at the facility being visited. Changes to the existing structures and personal property are noted, and that information is used for value estimation purposes. In addition, if possible, pictures are taken at the time of inspection

to validate information provided on the rendition or to utilize for the appraisal if no rendition is submitted. If cost information for the real or personal property is supplied later, the field data can be compared to that information to judge the accuracy of the information.

The WAG appraisal staff members are not assigned to any one geographical area of the county. The category of property, the nature of the business, and whether the district has the staff resources available can each be a determining factor in identifying which properties are appraised by WAG and which properties are appraised by the district's appraisal staff. WAG appraisers are trained by accompanying appraisers who have performed field visits and appraisal functions for several years. In addition, each WAG appraiser is registered with the Texas Department of Licensing and Regulation and is either an RPA or is working towards the RPA designation. Each WAG appraiser is responsible for the completeness and correctness of their valuation work, but a new appraiser is encouraged to seek the advice of and review by experienced appraisal staff.

VALUATION ANALYSIS (MODEL CALIBRATION)

Final Valuation Schedules

WAG develops schedules based on indexed Marshall & Swift depreciation factors, as well as the schedules prepared by other appraisal districts, state appraisers, and other cost estimates for use in the valuation of all business and industrial personal property. In addition, appraisal personnel utilize actual cost data developed from both publicly available sources as well as proprietary information received from other companies without identifying information to update these schedules annually.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

WAG personnel periodically review their assigned real and personal property accounts. These accounts are physically inspected on a one to two-year cycle. Certain properties are reviewed annually because experience shows that changes are occurring continually in the real or personal property at that facility.

The results of prior year hearings, renditions, and indications of new activity are another source that initiates required field visits. Many times, during hearings, issues are presented that cause a value adjustment. Those issues must be field checked to see if these influences will be ongoing and warrant permanent value adjustments or are transitory. The information will be recorded so the appraiser will be better able to estimate the property value. Any new construction or business activity is noted, and the information necessary to value the property is recorded.

Part of the field review includes noting any land characteristics that would affect the land value. The district values all land for the properties over which it has responsibility,

including those properties assigned to WAG. WAG advises the district of any characteristics that would affect the value of the land associated with an assigned facility.

Office Review

All properties are reviewed in the office by the WAG appraiser assigned to each utility, industrial, or personal property. The office review relies on historical information in the utility, industrial, or personal property file as the basis for deciding on the estimated value to be placed on the property for the current tax year.

The date of the last inspection, the extent of that inspection, and the appraiser responsible are listed in the WAG system. If a property owner disputes the district's records concerning this data in a protest hearing, the property record may be altered based on the credibility of the evidence provided.

When valuing utility, industrial, or personal property, the type of furniture, equipment, computers, etc., will be used along with any cost data provided by the property owner to estimate the value. Experience in valuing similar property at other facilities will help the appraiser estimate the value of the subject facility. Individual characteristics of the property, such as usage and maintenance, will have a bearing on the value calculated by the use of the WAG schedules.

PERFORMANCE TESTS

Sales Ratio Studies

Ratio studies are an important tool to examine how close appraised values are to market values. The ratio study may use available sales data or independent, expert appraisals. Typically, there are not enough sales of utility and industrial properties to show the representativeness of that class of property in a ratio study. Ratio studies of utility and industrial properties normally rely on independent appraisals as an indicator of market values.

Comparative Appraisal Analysis

This type of analysis is not normally performed on industrial property due to the unique nature of the property. Time and budget constraints regarding available appraisal staff also play a role in the type of analysis that occurs. Only in an instance where a jurisdiction would file a jurisdiction challenge with the Appraisal Review Board would the district perform such an analysis.

Attachment A
Wardlaw Appraisal Group Registered Personnel

PROPERTY TAX APPRAISER CERTIFICATION		
TDLR #	NAME	TYPE
74200	CRAIN, MALLORY M.	APPRAISER, RPA
74717	SHERWIN, PROCTOR D.	APPRAISER, RPA
67635	VILLARREAL, MARTIN IV	APPRAISER, RPA
66026	WARDLAW, MARGARET A	APPRAISER, RPA
77412	CAMARILLO, AILEEN L	APPRAISER
77317	MADDIN, ELIZABETH	APPRAISER
78046	MCGINNIS, CLAIRE	APPRAISER
68139	WARDLAW, MALCOLM P	APPRAISER
77854	CASTRO, AMANDA	APPRAISER
PROFESSIONAL ENGINEERING CERTIFICATION		
PE#	NAME	BRANCH
76914	WARDLAW, MARGARET PEGGY ANNE	PETROLEUM
57823	WARDLAW, MALCOLM PENROSE	PETROLEUM
PROFESSIONAL ENGINEERING FIRM CERTIFICATION		
FIRM #	FIRM NAME	
5194	WARDLAW APPRAISAL GROUP LC	



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 analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and the personal, impartial, and unbiased professional analysis, opinions, and conclusions of either myself or the other appraisers who support and appraise property for our clients.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made personal inspections of many but not all properties that are the subject of this report.
- No one outside Wardlaw Appraisal Group provided significant mass appraisal assistance to Wardlaw Appraisal Group personnel.

A handwritten signature in black ink, appearing to read 'Peggy Wardlaw', is written over a horizontal line. Below the line, the text 'Peggy Wardlaw, P.E., R.P.A. C' and 'President' is printed.

Peggy Wardlaw, P.E., R.P.A. C
President

7-19-24
Date

Wardlaw Appraisal Group
 Mass Appraisal Summary Report
 2024 CAD Values

County		G (Mineral)		J (Utility)		L (Personal)		F (Industrial Real)		CAD Totals	
		Accounts	Value	Accounts	Value	Accounts	Value	Accounts	Value	Accounts	Value
Brooks	4,453	\$ 77,991,420	138	\$ 196,498,170	81	\$ 27,057,690	35	\$ 6,098,180	4,707	\$ 307,645,460	
El Paso	-	\$ -	299	\$ 1,055,998,950	332	\$ 3,267,027,210	10	\$ 1,059,943,110	641	\$ 5,382,969,270	
Denton	67,228	\$ 506,331,978	2,038	\$ 4,226,602,090	541	\$ 1,160,932,480	157	\$ 305,460,230	69,964	\$ 6,199,326,778	
Kenedy	2,502	\$ 113,470,070	89	\$ 325,303,880	54	\$ 604,192,050	12	\$ 3,883,010	2,657	\$ 1,046,849,010	
Kleberg	4,955	\$ 35,408,980	249	\$ 318,192,650	61	\$ 55,183,880	15	\$ 2,238,060	5,280	\$ 411,023,570	
La Salle	77,569	\$ 5,950,357,966	467	\$ 1,038,697,690	558	\$ 541,878,760	103	\$ 313,066,120	78,697	\$ 7,844,000,536	
Marion	5,650	\$ 27,342,550	83	\$ 92,648,820	102	\$ 49,333,630	53	\$ 110,727,640	5,888	\$ 280,052,640	
Runnels	2,691	\$ 20,660,580	196	\$ 242,890,400	162	\$ 96,270,530	134	\$ 20,332,110	3,183	\$ 380,153,620	
Starr	17,687	\$ 126,561,144	220	\$ 345,005,720	151	\$ 746,659,620	59	\$ 35,435,940	18,117	\$ 1,253,662,424	
Webb	48,262	\$ 5,859,662,100	278	\$ 1,508,031,330	268	\$ 1,227,245,850	98	\$ 112,549,460	48,906	\$ 8,707,488,740	
Zapata	22,505	\$ 133,551,628	161	\$ 234,815,120	115	\$ 384,404,780	56	\$ 28,685,280	22,837	\$ 781,456,808	
Totals	253,502	\$ 12,851,338,416	4,218	\$ 9,584,684,820	2,425	\$ 8,160,186,480	732	\$ 1,998,419,140	260,877	\$ 32,594,628,856	