

Property Tax Valuations Released to Citizens

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By Kris Smith

Navarro County property owners are set to receive their 2023 valuations on Monday. The proposed valuations will show an increase not only in Navarro County but also across the state.

The Navarro Central Appraisal District (CAD) is responsible for the fair market appraisal of properties within each of the following taxing entities, as well as processing change of address and public information requests.

Navarro CAD Chief Appraiser Bud Black stated, "We study the local real estate market. My appraisers review the property, as we are required by law to do every three years."

Before appraisals begin, the appraisal district compiles a list of taxable property. Appraisal districts determine the value of all taxable property within the county boundaries and are required to reappraise all property at least once every three years. Although these valuations are valued on a local and county level, this is a statewide market issue and are based upon studies that began on January 1, 2023.

Market value is the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

Central Appraisal Districts follow 3 approaches when obtaining these valuations – Market, Income, and Cost.

The Market approach studies the local sales of similar properties. For example, when appraising real estate, adjustments might be made for factors such as the square footage of the unit, the age and location of the building, and its amenities.

The Income Approach – is used by appraisers that estimate the value of a property, paying close attention to the income of the property. With this approach, the valuation is the value of the income the owner can expect to receive.

The Cost Approach – is based on the numerical valuation of what it would cost to build a similar property. The cost approach is most used for unique properties, such as schools, churches, etc.

Appraisers use a common formula:
Property Value = Reproduction Cost – Depreciation + Land Value

Texas law sets a limit on the amount of annual increase to the appraised value of a residence homestead to not exceed the lesser of:

- the market value of the property; or
- the sum of: 10 percent of the appraised value of the property for last year.
the appraised value of the property for last year; and
- the market value of all new improvements to the property.

According to the Texas State Comptroller, a new improvement is an improvement to a residence homestead made after the most recent appraisal of the property that increases its market value and was not included in the appraised value of the property for the preceding tax year. It does not include repairs to or ordinary maintenance of an existing structure, the grounds, or another feature of the property. A replacement structure for one that was rendered uninhabitable or unusable by a casualty or by wind or water damage is also not considered a new improvement. The appraisal limitation only applies to a residence homestead. It takes effect January 1st of the tax year following the year in which the homeowner qualifies for the homestead exemption.

One common misconception during this process is that valuations are determined by County Commissioners. That is simply not the case. Black stated, "Taxing entities have no real attachment to the valuation process." However, these valuations affect state and federal funding to entities such as local school districts, in the hundreds of thousands of dollars.

Keep in mind, local school districts receive funding from property taxes paid by taxpayers in the district. The Texas Education Agency funds public schools based on these valuations. Districts with higher valuations will receive more funding than districts with lower property values.

Last year, no taxing entity in Navarro County raised their tax rate. In fact, most of those rates were lowered, according to this report. Tax bills were increased simply because property valuations changed.

Filing a protest with Navarro CAD has never been easier. According to Black, "Taxpayers can file online, by phone, as well as inside our office. We try to encourage them to call ahead and make an appointment to visit with an appraiser." Six appraisers are available and are not designated to one area of the county or another.

Be sure to provide good evidence for your protest hearing. Suggested items are a current market analysis from your realtor, pictures of property (indicating issues such as cracked foundation slabs, etc.), estimates for repair, property appraisals, and possibly any aerial photography completed of the property.

The deadline for filing your protest is May 24th in Navarro County, and May 15th in Freestone County. You may file online in Navarro County at www.navarrocad.com and in Freestone County at www.freestonecad.org.