



Dallas Central Appraisal District

BUSINESS PERSONAL PROPERTY VALUATION PROCESS

The BPP rendition filing deadline is APRIL 15.

(Requests for a filing extension until May 15 must be made by April 15)

The Dallas Central Appraisal District's (DCAD) goal is to appraise all property within Dallas County at market value as of January 1 of each year. DCAD uses a Computer Assisted Mass Appraisal (CAMA) software system to achieve this goal. DCAD's CAMA system is commonly referred to as MARS (Mass Appraisal Records System). The MARS software has been integrated with a Geographical Information System (GIS) which is an intelligent mapping system, digital photographs of all real property, aerial photographs, an image workflow system, and an Appraisal Review Board tracking system.

The Texas Property Tax Code requires appraisal districts to maintain property records including ownership changes, property descriptions, a market value estimate, and any applicable partial or total exemptions to arrive at a taxable value. This information is then provided annually to the taxing jurisdictions within Dallas County to set tax rates and to collect taxes. DCAD does not collect taxes as this function is the responsibility of the various tax offices.

It is the responsibility of the Business Personal Property Division (BPP) to discover, list, and value all business personal property in Dallas County for property tax purposes. BPP has over 400 business identification types. Business personal property consists of movable items used in the course of business not permanently affixed to, or part of, the real estate. Examples are: a) furniture; b) machinery and equipment; c) computers; and d) vehicles. In addition to these items that are used in the day to day operations of a business, inventory, raw materials, and supplies are also considered business personal property.

To insure that all business personal property that should be legally on the appraisal roll is properly listed and valued, it must first be located and identified. To accomplish this task the appraiser starts with the previous year's appraisal roll, which is divided into geographical areas, known as routes, within Dallas County. The information from the previous year's appraisal roll is accessed from an iPad which the appraisers carry with them to their assigned route. The appraisers then drive or walk every street containing businesses within their assigned geographic area (route).

When the appraisers are in their area, they are verifying that existing businesses are still open at the same location as the previous year. If a business moved or ceased operations, the information is noted and corrected. If the appraiser identifies a new business, a new account will be created for that specific location. Each account has a unique account number that stays with the business and its assets even if there is an ownership change, or if the business moves to another location within Dallas County.

In addition to driving and walking the assigned route, the BPP appraisal staff also has other tools for identifying businesses within Dallas County. The appraiser receives Certificates of Occupancy filed by new businesses as well as businesses that are enlarging their operations. These Certificates of Occupancy are issued by the cities within Dallas County and are picked up monthly by DCAD. Commercial rent rolls processed by the Commercial Division are also reviewed. BPP appraisers also have access to ownership of commercial vehicles located within Dallas County. Business publications are reviewed and the internet is now used extensively for the discovery and research of businesses.

The proper listing of property is critical to insure that the value and ownership of the property can be properly determined. Property records must include:

- Current legal owner – This is the actual owner of the business.
- Business DBA (Doing Business As) – The name on the door or sign for the business.
- Property address of the business – This is the physical address where the business and the assets being appraised are located.
- DCAD account number – A unique 17-digit account number that is assigned to each business personal property account in Dallas County. All BPP accounts begin with 99 as the first two digits.
- Property characteristics of the business – After locating the property, the appraiser must accurately record and list all of the properties' characteristics to properly value the business personal property. This requires that the appraiser

tour the business, determine the business type, and estimate the square footage of the facility. Once that is complete the appraiser makes general notes regarding the type and condition of the fixed assets at the location, and the inventory if applicable.

The Cost Approach is typically the approach used to value business personal property, although all approaches (Income Approach and Sales Approach) are considered. The Cost Approach offers the most equitable and consistent method for mass appraisal of business personal property. The BPP appraiser will estimate the market value by comparing the subject business being appraised against similar types of businesses. The appraiser takes into account the size of the business, the quality and condition of the assets, and estimate of the overall age of the assets. In addition to the business assets, the appraiser will also estimate the market value of the inventory based on the quantity and make any known condition adjustments.

The Sales Approach may be used for certain types of business personal property that have substantial secondary markets such as cars and trucks. However, the Sales Approach is often less useful with many types of business assets that do not have an active used market.

The Income Approach is rarely used, since it is often impossible to differentiate the income from the business personal property being valued and the income associated with the intangible components of a business.

The most important step in completing a business personal property appraisal is based on reviewing the business personal property rendition form. BPP renditions contain information provided by the property owner and are legally required to be filed annually per the Texas Property Tax Code, if the market value is greater than \$125,000. If the market value is \$125,000 or less, a business may elect not to render property for taxation. To make this election, the business must file a rendition statement or property report by April 15 that includes a certification that the business reasonably believes that the value of the property is not more than \$125,000. This election continues in effect until there's a change of ownership, the chief appraiser requires a rendition, or the market value is more than \$125,000. Not filing a business personal property rendition by the annual **April 15th deadline** date will result in a 10% penalty being applied to the business personal property tax bill. The BPP rendition requests basic information about a business including cost and year acquired of assets, inventory values, consigned goods, leased equipment, and the property owner's opinion of value. DCAD mails BPP rendition forms to all existing BPP accounts in Dallas County in January of every year. DCAD also provides on its website (www.dallascad.org) an Online BPP Rendition filing system that is simple and easy to use. The Online BPP Rendition filing system can be accessed by using the PIN number located at top of the BPP Rendition that was mailed in January. DCAD would like to encourage all business owners to use the Online BPP Rendition filing system as opposed to filing your rendition using the paper form. Utilizing the Online BPP filing system is beneficial for both DCAD and the property owner.

A properly filed BPP rendition form allows the BPP appraiser to:

- Verify the legal owner, DBA, and physical location of the property on January 1 of the appraisal year.
- Use contact information on the rendition form if the appraiser has questions about the business being appraised.
- Compare cost or opinion of value information against the estimate of value made by the appraiser in the field.

With the appraiser's information gathered in the field and a properly filed BPP rendition form from the property owner or authorized agent, the BPP appraiser has enough information to make an accurate and equitable business personal property market value estimate that is used to determine the business property taxes.

DCAD hopes this brochure provides you with a better general understanding of the BPP valuation processes undertaken by the appraisal district for properties in Dallas County. You may also visit the DCAD website at www.dallascad.org to view Property Valuation Process PDF in Navigation Links.