

Circuit Breaker Limitation-Property Tax Code Section 23.231

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

The circuit breaker provision limits the amount the appraisal district can increase your property value. The appraised value of qualifying real property is limited to an increase of no more than 20% per year unless new improvements, excluding ordinary maintenance, have been made. This limitation takes effect on January 1 of the tax year following the first tax year in which the owner owns the property. If you owned your property as of January 1, 2023, you will receive this appraised value limitation in 2024. You must own the property for at least one full calendar year (January through December) before you are eligible for a 20% limitation. Your property will now reflect two values:

- the circuit breaker cap value which is the value that your taxes will be based on, and
- the market value which is the true value of the property.

For example, the appraised value of your qualifying real property was \$100,000 last year. This year the Appraisal District appraises your property at \$125,000. No new improvements or additions have been made to the property since last year. The circuit breaker value is calculated as follows:

$$\text{Step 1: } \$100,000 \times 20\% = \$20,000$$

$$\text{Step 2: } \$100,000 + \$20,000 = \$120,000$$

Your taxes will be based on the circuit breaker value of \$120,000; however, the market value of your property will remain at \$125,000.

The circuit breaker limitation expires on January 1 of the first tax year that the owner no longer owns the property. Should you sell your property, the limitation will be removed and the tax base will increase to the property's current market value until the new owner is eligible for the same benefit.

The Texas Legislature has currently only authorized the circuit breaker limitation for the 2024, 2025, and 2026 tax years. The appraised value that the circuit breaker applies to is set at \$5,000,000 or less for 2024; however, the State Comptroller can increase or decrease the appraised value limit for 2025 and 2026 based on the consumer price index.

You are not required to submit an application to receive a circuit breaker limitation. The appraisal district will automatically apply and calculate these benefits every year.