

By: Kolkhorst

S.B. No. 322

A BILL TO BE ENTITLED

AN ACT

relating to the limitation on increases in the appraised value of certain real property for ad valorem tax purposes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 23.231(c), (d), and (k), Tax Code, are amended to read as follows:

(c) This section does not apply to:

(1) a residence homestead that qualifies for an exemption under Section 11.13; ~~[or]~~

(2) property appraised under Subchapter C, D, E, F, G, or H; or

(3) a mineral interest.

(d) Notwithstanding the requirements of Section 25.18 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:

(A) 10 ~~[20]~~ percent of the appraised value of the property for the preceding tax year;

1 (B) the appraised value of the property for the
2 preceding tax year; and

3 (C) the market value of all new improvements to
4 the property.

5 (k) This section expires December 31, 2031 [~~2026~~].

6 SECTION 2. Section 25.19(o), Tax Code, is amended to read as
7 follows:

8 (o) A notice required under Subsection (a) or (g) to be
9 delivered to the owner of real property other than a single-family
10 residence that qualifies for an exemption under Section 11.13 must
11 include the following statement: "Under Section 23.231, Tax Code,
12 for the [~~2024, 2025, and~~ 2026, 2027, 2028, 2029, 2030, and 2031 tax
13 years, the appraised value of real property other than a residence
14 homestead for ad valorem tax purposes may not be increased by more
15 than 10 [~~20~~] percent each year, with certain exceptions. The
16 circuit breaker limitation provided under Section 23.231, Tax Code,
17 expires December 31, 2031 [~~2026~~]. Unless this expiration date is
18 extended by the Texas Legislature, beginning in the 2032 [~~2027~~] tax
19 year, the circuit breaker limitation provided under Section 23.231,
20 Tax Code, will no longer be in effect and may result in an increase
21 in ad valorem taxes imposed on real property previously subject to
22 the limitation." This subsection expires December 31, 2032 [~~2027~~].

23 SECTION 3. Notwithstanding Chapter 1 (S.B. 2), Acts of the
24 88th Legislature, 2nd Called Session, 2023, the following
25 provisions are effective January 1, 2032:

26 (1) Section 4.02, Chapter 1 (S.B. 2), Acts of the 88th
27 Legislature, 2nd Called Session, 2023, which amended Section

1 1.12(d), Tax Code;

2 (2) Section 4.05, Chapter 1 (S.B. 2), Acts of the 88th
3 Legislature, 2nd Called Session, 2023, which amended Sections
4 25.19(b) and (g), Tax Code;

5 (3) Section 4.08, Chapter 1 (S.B. 2), Acts of the 88th
6 Legislature, 2nd Called Session, 2023, which amended Section
7 41.41(a), Tax Code;

8 (4) Section 4.10, Chapter 1 (S.B. 2), Acts of the 88th
9 Legislature, 2nd Called Session, 2023, which amended Section
10 42.26(d), Tax Code; and

11 (5) Section 4.12, Chapter 1 (S.B. 2), Acts of the 88th
12 Legislature, 2nd Called Session, 2023, which amended Sections
13 403.302(d) and (i), Government Code.

14 SECTION 4. Sections 23.231(c) and (d), Tax Code, as amended
15 by this Act, apply only to the appraisal of real property for ad
16 valorem tax purposes for a tax year that begins on or after the
17 effective date of this Act.

18 SECTION 5. (a) Except as otherwise provided by this
19 section, this Act takes effect January 1, 2026.

20 (b) Sections 23.231(d) and (k) and 25.19(o), Tax Code, as
21 amended by this Act, and Section 3 of this Act take effect January
22 1, 2026, but only if the constitutional amendment proposed by the
23 89th Legislature, Regular Session, 2025, to authorize the
24 legislature to set a lower limit on the maximum appraised value of
25 real property other than a residence homestead for ad valorem tax
26 purposes and to postpone the expiration of the limit is approved by
27 the voters. If that amendment is not approved by the voters,

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1 Sections 23.231(d) and (k) and 25.19(o), Tax Code, as amended by
2 this Act, and Section 3 of this Act have no effect.