

By: Cook

H.B. No. 249

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. (a) Section 1.12(d), Tax Code, as amended by Section 4.01, Chapter 1 (S.B. 2), Acts of the 88th Legislature, 2nd Called Session, 2023, and effective until January 1, 2027, is amended to read as follows:

(d) For purposes of this section, the appraisal ratio of property to which Section 23.23 [~~or 23.231~~] applies is the ratio of the property's market value as determined by the appraisal district or appraisal review board, as applicable, to the market value of the property according to law. The appraisal ratio is not calculated according to the appraised value of the property as limited by Section 23.23 [~~or 23.231~~].

(b) Section 4.02, Chapter 1 (S.B. 2), Acts of the 88th Legislature, 2nd Called Session, 2023, which amended Section 1.12(d), Tax Code, effective January 1, 2027, is repealed.

SECTION 2. The heading to Section 23.23, Tax Code, is amended to read as follows:

Sec. 23.23. LIMITATION ON APPRAISED VALUE OF REAL PROPERTY [~~RESIDENCE HOMESTEAD~~].

SECTION 3. Section 23.23, Tax Code, is amended by amending Subsections (a), (b), (c), and (e) and adding Subsections (c-2),

(c-3), (c-4), and (h) to read as follows:

(a) 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 ~~[a residence homestead]~~ 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) five ~~[10]~~ percent 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.

(b) When appraising real property ~~[a residence homestead]~~, 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 Subsection (a)(2).

(c) The limitation provided by Subsection (a) takes effect on January 1 of the tax year following the first tax year in which the owner owns the property on January 1 ~~[as to a residence homestead on January 1 of the tax year following the first tax year]~~

1 ~~the owner qualifies the property for an exemption under Section~~
2 ~~11.13].~~ Except as provided by Subsection (c-2) or (c-3), the [The]
3 limitation expires on January 1 of the first tax year following the
4 year in which ~~[that neither]~~ the owner of the property ceases to own
5 the property.

6 (c-2) If property subject to a limitation under this section
7 qualifies for an exemption under Section 11.13 when the ownership
8 of the property is transferred to the owner's spouse or surviving
9 spouse, the limitation expires on January 1 of the first tax year
10 following the year in which ~~[when the limitation took effect nor]~~
11 the owner's spouse or surviving spouse ceases to own the property,
12 unless the limitation is further continued under this subsection on
13 the subsequent transfer to a spouse or surviving spouse ~~[qualifies~~
14 ~~for an exemption under Section 11.13].~~

15 (c-3) If property subject to a limitation under Subsection
16 (a), other than a residence homestead, is owned by two or more
17 persons, the limitation expires on January 1 of the first tax year
18 following the year in which the ownership of at least a 50 percent
19 interest in the property is sold or otherwise transferred.

20 (c-4) For purposes of applying the limitation provided by
21 this section, a person who acquired real property in a tax year
22 before the 2025 tax year, other than property that qualified as the
23 residence homestead of the person under Section 11.13 in the 2025
24 tax year, is considered to have acquired the property on January 1,
25 2025.

26 (e) In this section, "new improvement" means an improvement
27 to real property ~~[a residence homestead]~~ made after the most recent

1 appraisal of the property that increases the market value of the
2 property and the value of which is not included in the appraised
3 value of the property for the preceding tax year. The term does not
4 include repairs to or ordinary maintenance of an existing structure
5 or the grounds or another feature of the property.

6 (h) In this section, "real property" includes a
7 manufactured home as that term is defined by Section 1201.003,
8 Occupations Code, that qualifies as a residence homestead under
9 Section 11.13 of this code, regardless of whether the owner of the
10 manufactured home elects to treat the manufactured home as real
11 property under Section 1201.2055, Occupations Code.

12 SECTION 4. (a) Sections 25.19(b) and (g), Tax Code, as
13 amended by Section 4.04, Chapter 1 (S.B. 2), Acts of the 88th
14 Legislature, 2nd Called Session, 2023, and effective until January
15 1, 2027, are amended to read as follows:

16 (b) The chief appraiser shall separate real from personal
17 property and include in the notice for each:

18 (1) a list of the taxing units in which the property is
19 taxable;

20 (2) the appraised value of the property in the
21 preceding year;

22 (3) the taxable value of the property in the preceding
23 year for each taxing unit taxing the property;

24 (4) the appraised value of the property for the
25 current year, the kind and amount of each exemption and partial
26 exemption, if any, approved for the property for the current year
27 and for the preceding year, and, if an exemption or partial

1 exemption that was approved for the preceding year was canceled or
2 reduced for the current year, the amount of the exemption or partial
3 exemption canceled or reduced;

4 ~~[(4-a) a statement of whether the property qualifies~~
5 ~~for the circuit breaker limitation on appraised value provided by~~
6 ~~Section 23.231,]~~

7 (5) in italic typeface, the following statement: "The
8 Texas Legislature does not set the amount of your local taxes. Your
9 property tax burden is decided by your locally elected officials,
10 and all inquiries concerning your taxes should be directed to those
11 officials";

12 (6) a detailed explanation of the time and procedure
13 for protesting the value;

14 (7) the date and place the appraisal review board will
15 begin hearing protests;

16 (8) an explanation of the availability and purpose of
17 an informal conference with the appraisal office before a hearing
18 on a protest; and

19 (9) a brief explanation that the governing body of
20 each taxing unit decides whether or not taxes on the property will
21 increase and the appraisal district only determines the value of
22 the property.

23 (g) By April 1 or as soon thereafter as practicable if the
24 property is a single-family residence that qualifies for an
25 exemption under Section 11.13, or by May 1 or as soon thereafter as
26 practicable in connection with any other property, the chief
27 appraiser shall deliver a written notice to the owner of each

1 property not included in a notice required to be delivered under
2 Subsection (a), if the property was reappraised in the current tax
3 year, if the ownership of the property changed during the preceding
4 year, or if the property owner or the agent of a property owner
5 authorized under Section 1.111 makes a written request for the
6 notice. The chief appraiser shall separate real from personal
7 property and include in the notice for each property:

8 (1) the appraised value of the property in the
9 preceding year;

10 (2) the appraised value of the property for the
11 current year and the kind of each partial exemption, if any,
12 approved for the current year;

13 ~~[(2-a) a statement of whether the property qualifies~~
14 ~~for the circuit breaker limitation on appraised value provided by~~
15 ~~Section 23.231,]~~

16 (3) a detailed explanation of the time and procedure
17 for protesting the value; and

18 (4) the date and place the appraisal review board will
19 begin hearing protests.

20 (b) Section 4.05, Chapter 1 (S.B. 2), Acts of the 88th
21 Legislature, 2nd Called Session, 2023, which amended Sections
22 25.19(b) and (g), Tax Code, effective January 1, 2027, is repealed.

23 SECTION 5. (a) Section 41.41(a), Tax Code, as amended by
24 Section 4.07, Chapter 1 (S.B. 2), Acts of the 88th Legislature, 2nd
25 Called Session, 2023, and effective until January 1, 2027, is
26 amended to read as follows:

27 (a) A property owner is entitled to protest before the

appraisal review board the following actions:

(1) determination of the appraised value of the owner's property or, in the case of land appraised as provided by Subchapter C, D, E, or H, Chapter 23, determination of its appraised or market value;

(2) unequal appraisal of the owner's property;

(3) inclusion of the owner's property on the appraisal records;

(4) denial to the property owner in whole or in part of a partial exemption;

~~[(4-a) determination that the owner's property does not qualify for the circuit breaker limitation on appraised value provided by Section 23.231,]~~

(5) determination that the owner's land does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23;

(6) identification of the taxing units in which the owner's property is taxable in the case of the appraisal district's appraisal roll;

(7) determination that the property owner is the owner of property;

(8) a determination that a change in use of land appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;
or

(9) any other action of the chief appraiser, appraisal district, or appraisal review board that applies to and adversely affects the property owner.

1 (b) Section 4.08, Chapter 1 (S.B. 2), Acts of the 88th
2 Legislature, 2nd Called Session, 2023, which amended Section
3 41.41(a), Tax Code, effective January 1, 2027, is repealed.

4 SECTION 6. (a) Section 42.26(d), Tax Code, as amended by
5 Section 4.09, Chapter 1 (S.B. 2), Acts of the 88th Legislature, 2nd
6 Called Session, 2023, and effective until January 1, 2027, is
7 amended to read as follows:

8 (d) For purposes of this section, the value of the property
9 subject to the suit and the value of a comparable property or sample
10 property that is used for comparison must be the market value
11 determined by the appraisal district when the property is subject
12 to the limitation on appraised value imposed by Section 23.23 [~~ex~~
13 ~~23.231~~].

14 (b) Section 4.10, Chapter 1 (S.B. 2), Acts of the 88th
15 Legislature, 2nd Called Session, 2023, which amended Section
16 42.26(d), Tax Code, effective January 1, 2027, is repealed.

17 SECTION 7. (a) Sections 403.302(d) and (i), Government
18 Code, as amended by Section 4.11, Chapter 1 (S.B. 2), Acts of the
19 88th Legislature, 2nd Called Session, 2023, and effective until
20 January 1, 2027, are amended to read as follows:

21 (d) For the purposes of this section, "taxable value" means
22 the market value of all taxable property less:

23 (1) the total dollar amount of any residence homestead
24 exemptions lawfully granted under Section 11.13(b) or (c), Tax
25 Code, in the year that is the subject of the study for each school
26 district;

27 (2) one-half of the total dollar amount of any

1 residence homestead exemptions granted under Section 11.13(n), Tax
2 Code, in the year that is the subject of the study for each school
3 district;

4 (3) the total dollar amount of any exemptions granted
5 before May 31, 1993, within a reinvestment zone under agreements
6 authorized by Chapter 312, Tax Code;

7 (4) subject to Subsection (e), the total dollar amount
8 of any captured appraised value of property that:

9 (A) is within a reinvestment zone created on or
10 before May 31, 1999, or is proposed to be included within the
11 boundaries of a reinvestment zone as the boundaries of the zone and
12 the proposed portion of tax increment paid into the tax increment
13 fund by a school district are described in a written notification
14 provided by the municipality or the board of directors of the zone
15 to the governing bodies of the other taxing units in the manner
16 provided by former Section 311.003(e), Tax Code, before May 31,
17 1999, and within the boundaries of the zone as those boundaries
18 existed on September 1, 1999, including subsequent improvements to
19 the property regardless of when made;

20 (B) generates taxes paid into a tax increment
21 fund created under Chapter 311, Tax Code, under a reinvestment zone
22 financing plan approved under Section 311.011(d), Tax Code, on or
23 before September 1, 1999; and

24 (C) is eligible for tax increment financing under
25 Chapter 311, Tax Code;

26 (5) the total dollar amount of any captured appraised
27 value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008,
by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes
the alteration, remodeling, repair, or reconstruction of a
structure that is included on the National Register of Historic
Places and requires that a portion of the tax increment of the zone
be used for the improvement or construction of related facilities
or for affordable housing;

(B) generates school district taxes that are paid
into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under
Chapter 311, Tax Code;

(6) the total dollar amount of any exemptions granted
under Section 11.251 or 11.253, Tax Code;

(7) the difference between the comptroller's estimate
of the market value and the productivity value of land that
qualifies for appraisal on the basis of its productive capacity,
except that the productivity value estimated by the comptroller may
not exceed the fair market value of the land;

(8) the portion of the appraised value of residence
homesteads of individuals who receive a tax limitation under
Section 11.26, Tax Code, on which school district taxes are not
imposed in the year that is the subject of the study, calculated as
if the residence homesteads were appraised at the full value
required by law;

(9) a portion of the market value of property not

1 otherwise fully taxable by the district at market value because of
2 action required by statute or the constitution of this state, other
3 than Section 11.311, Tax Code, that, if the tax rate adopted by the
4 district is applied to it, produces an amount equal to the
5 difference between the tax that the district would have imposed on
6 the property if the property were fully taxable at market value and
7 the tax that the district is actually authorized to impose on the
8 property, if this subsection does not otherwise require that
9 portion to be deducted;

10 (10) the market value of all tangible personal
11 property, other than manufactured homes, owned by a family or
12 individual and not held or used for the production of income;

13 (11) the appraised value of property the collection of
14 delinquent taxes on which is deferred under Section 33.06, Tax
15 Code;

16 (12) the portion of the appraised value of property
17 the collection of delinquent taxes on which is deferred under
18 Section 33.065, Tax Code;

19 (13) the amount by which the market value of property
20 to which Section 23.23 [~~or 23.231~~], Tax Code, applies exceeds the
21 appraised value of that property as calculated under that section
22 [~~Section 23.23 or 23.231, Tax Code, as applicable~~]; and

23 (14) the total dollar amount of any exemptions granted
24 under Section 11.35, Tax Code.

25 (i) If the comptroller determines in the study that the
26 market value of property in a school district as determined by the
27 appraisal district that appraises property for the school district,

1 less the total of the amounts and values listed in Subsection (d) as
2 determined by that appraisal district, is valid, the comptroller,
3 in determining the taxable value of property in the school district
4 under Subsection (d), shall for purposes of Subsection (d)(13)
5 subtract from the market value as determined by the appraisal
6 district of properties to which Section 23.23 [~~or 23.231~~], Tax
7 Code, applies the amount by which that amount exceeds the appraised
8 value of those properties as calculated by the appraisal district
9 under Section 23.23 [~~or 23.231~~], Tax Code[, ~~as applicable~~]. If the
10 comptroller determines in the study that the market value of
11 property in a school district as determined by the appraisal
12 district that appraises property for the school district, less the
13 total of the amounts and values listed in Subsection (d) as
14 determined by that appraisal district, is not valid, the
15 comptroller, in determining the taxable value of property in the
16 school district under Subsection (d), shall for purposes of
17 Subsection (d)(13) subtract from the market value as estimated by
18 the comptroller of properties to which Section 23.23 [~~or 23.231~~],
19 Tax Code, applies the amount by which that amount exceeds the
20 appraised value of those properties as calculated by the appraisal
21 district under Section 23.23 [~~or 23.231~~], Tax Code[, ~~as~~
22 ~~applicable~~].

23 (b) Section 4.12, Chapter 1 (S.B. 2), Acts of the 88th
24 Legislature, 2nd Called Session, 2023, which amended Sections
25 403.302(d) and (i), Government Code, effective January 1, 2027, is
26 repealed.

27 SECTION 8. Sections 23.23(c-1), 23.231, and 25.19(o), Tax

1 Code, are repealed.

2 SECTION 9. This Act applies only to the appraisal for ad
3 valorem tax purposes of real property for a tax year that begins on
4 or after the effective date of this Act.

5 SECTION 10. This Act takes effect January 1, 2026, but only
6 if the constitutional amendment proposed by the 89th Legislature,
7 Second Called Session, 2025, to authorize the legislature to limit
8 the maximum appraised value of real property for ad valorem tax
9 purposes to 105 percent or more of the appraised value of the
10 property for the preceding tax year is approved by the voters. If
11 that amendment is not approved by the voters, this Act has no
12 effect.