

By: Luther

H.B. No. 299

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. Section 23.23, Tax Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (a-1), (a-2), (a-3), (a-4), (a-5), (a-6), (a-7), and (c-2) to read as follows:

(a) The appraised value of a residence homestead for the first tax year that the owner qualifies the property for an exemption under Section 11.13 is equal to the market value of the property. Notwithstanding Section 23.01, the appraised value of the property for each subsequent tax year until the tax year in which the limitation provided by this subsection expires is equal to ~~[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 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:

(1) ~~[(A) 10 percent of]~~ the appraised value of the

property for the preceding tax year; and

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

[(C)] the market value of all new improvements to the property.

(a-1) Notwithstanding Subsection (a) and subject to Subsection (a-2), if the owner of real property qualifies the property for an exemption under Section 11.13 and the owner acquired the property as a bona fide purchaser for value, the purchase price of the property paid by the property owner is considered to be the market value of the property for the first tax year that the owner qualifies the property for the exemption.

(a-2) If the first tax year the property owner qualified the property for an exemption under Section 11.13 was a tax year before the 2027 tax year:

(1) the property owner is considered to have qualified the property for the exemption for the first time in the 2026 tax year; and

(2) the appraised value of the property as shown on the appraisal roll for the first tax year that the owner qualified the property for the exemption is considered to be the market value of the property for the 2026 tax year for purposes of Subsections (a) and (a-1).

(a-3) Subsection (a-1) does not apply to a residence homestead if the chief appraiser determines that the applicant was not a bona fide purchaser for value under criteria established by rules adopted by the comptroller for that purpose.

1 (a-4) To receive a limitation on appraised value under
2 Subsection (a) computed in accordance with Subsection (a-1), an
3 owner of the property must apply for the limitation. To apply for
4 the limitation, the owner must file an application with the chief
5 appraiser for each appraisal district in which the property subject
6 to the claimed limitation is located. The application must be filed
7 not later than the latest date on which the owner may file an
8 application for an exemption under Section 11.13 on the property
9 for the year under Section 11.43. The comptroller by rule shall
10 prescribe the form for the application to ensure that the applicant
11 provides the information necessary to determine the applicant's
12 eligibility for the limitation, including the purchase price of the
13 property paid by the applicant.

14 (a-5) An application filed with a chief appraiser under
15 Subsection (a-4) is confidential and not open to public inspection.
16 The application and the information it contains may not be
17 disclosed to another person other than an employee of the appraisal
18 district who appraises property, except as provided by Subsection
19 (a-6).

20 (a-6) Information that is confidential under Subsection
21 (a-5) may be disclosed:

22 (1) in a judicial or administrative proceeding under a
23 lawful subpoena;

24 (2) to a purchaser, grantee, seller, or grantor named
25 in the application or in the deed to which the application applies
26 or to a representative of the purchaser, grantee, seller, or
27 grantor under a written authorization signed by the purchaser,

1 grantee, seller, or grantor;

2 (3) to the comptroller or to an assessor for a taxing
3 unit in which the property described in the application is located;

4 (4) in a judicial or administrative proceeding related
5 to real property taxation:

6 (A) to which the purchaser, grantee, seller, or
7 grantor is a party;

8 (B) to which an owner of the property described
9 in the application is a party; or

10 (C) by the appraisal district for the purpose of
11 establishing a value of the property or of providing evidence of
12 comparable sales to appraise another property;

13 (5) for statistical purposes if the information is
14 provided in a form that does not identify a specific property or
15 specific purchaser, grantee, seller, or grantor;

16 (6) if and to the extent that the information is
17 required to be included in a public document or record that the
18 appraisal office is required to prepare or maintain; or

19 (7) to a taxing unit or its legal representative that
20 is engaged in the collection of delinquent taxes on the property
21 described in the application.

22 (a-7) Information that is disclosed under Subsection (a-6)
23 does not lose its confidential character.

24 (b) When appraising a residence homestead, the chief
25 appraiser shall:

26 (1) appraise the property at its market value; and

27 (2) include in the appraisal records both the market

value of the property and the amount computed under Subsection (a)
~~[(a)(2)]~~.

(c) The limitation provided by Subsection (a) takes effect
as to a residence homestead on January 1 of the first tax year
~~[following the first tax year]~~ the owner qualifies the property for
an exemption under Section [11.13](#). The limitation expires on
January 1 of the first tax year that neither the owner of the
property when the limitation took effect nor the owner's spouse or
surviving spouse qualifies for an exemption under Section [11.13](#).

(c-2) Notwithstanding Subsection (c), a limitation
established under Subsection (a) or (a-1) does not expire if a
change in ownership of the property occurs by inheritance or under a
will as long as the person who acquires the property qualifies for
an exemption under Section [11.13](#).

SECTION 2. This Act applies only to ad valorem taxes imposed
for a tax year beginning on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2027, but only
if the constitutional amendment proposed by the 89th Legislature,
2nd Called Session, 2025, authorizing the legislature to provide
that the appraised value of a residence homestead for ad valorem tax
purposes for the first tax year that the owner of the property
qualifies the property for a residence homestead exemption is the
market value of the property and that, if the owner purchased the
property, the purchase price of the property is considered to be the
market value of the property for that tax year and to limit
increases in the appraised value of the homestead for subsequent
tax years based on the market value of all new improvements to the

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1 property is approved by the voters. If that amendment is not
2 approved by the voters, this Act has no effect.