

By: Metcalf

H.B. No. 273

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. Section 1.12(d), Tax Code, as 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, or 23.232 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, or 23.232.

SECTION 2. Section 1.12(d), Tax Code, as effective January 1, 2027, is amended to read as follows:

(d) For purposes of this section, the appraisal ratio of property ~~[a homestead]~~ to which Section 23.23 or 23.232 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 23.232.

SECTION 3. Section 23.231(c), Tax Code, is amended to read as follows:

1 (c) This section does not apply to:

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

4 (2) property to which Section 23.232 applies; or

5 (3) property appraised under Subchapter C, D, E, F, G,
6 or H.

7 SECTION 4. Subchapter B, Chapter 23, Tax Code, is amended by
8 adding Section 23.232 to read as follows:

9 Sec. 23.232. LIMITATION ON APPRAISED VALUE OF CERTAIN
10 COMMERCIAL REAL PROPERTY. (a) In this section:

11 (1) "Commercial real property" means real property
12 that is held or used for the production of income.

13 (2) "Disaster recovery program" means a disaster
14 recovery program funded with community development block grant
15 disaster recovery money authorized by federal law.

16 (3) "New improvement" means an improvement to
17 commercial real property made after the most recent appraisal of
18 the property that increases the market value of the property and the
19 value of which is not included in the appraised value of the
20 property for the preceding tax year. The term does not include
21 repairs to or ordinary maintenance of an existing structure or the
22 grounds or another feature of the property.

23 (b) This section applies only to a parcel of commercial real
24 property with a market value of \$10 million or less for the tax year
25 in which the limitation provided by Subsection (d) takes effect as
26 to the property.

27 (c) This section does not apply to property appraised under

1 Subchapter C, D, E, F, G, or H.

2 (d) Notwithstanding the requirements of Section 25.18 and
3 regardless of whether the appraisal office has appraised the
4 property and determined the market value of the property for the tax
5 year, an appraisal office may increase the appraised value of a
6 parcel of commercial real property for a tax year to an amount not
7 to exceed the lesser of:

8 (1) the market value of the property for the most
9 recent tax year that the market value was determined by the
10 appraisal office; or

11 (2) the sum of:

12 (A) 10 percent of the appraised value of the
13 property for the preceding tax year;

14 (B) the appraised value of the property for the
15 preceding tax year; and

16 (C) the market value of all new improvements to
17 the property.

18 (e) When appraising a parcel of commercial real property,
19 the chief appraiser shall:

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

21 (2) include in the appraisal records both the market
22 value of the property and the amount computed under Subsection
23 (d)(2).

24 (f) The limitation provided by Subsection (d) takes effect
25 as to a parcel of commercial real property on January 1 of the tax
26 year following the first tax year in which the owner owns the
27 property on January 1 and in which the property meets the definition

1 of commercial real property. The limitation expires on January 1 of
2 the tax year following the first tax year in which the owner of the
3 property ceases to own the property or the property no longer meets
4 the definition of commercial real property.

5 (g) For purposes of Subsection (f), a person who acquired a
6 parcel of commercial real property before the 2025 tax year is
7 considered to have acquired the property on January 1, 2025.

8 (h) Notwithstanding Subsections (a)(3) and (d) and except
9 as provided by Subdivision (2) of this subsection, an improvement
10 to property that would otherwise constitute a new improvement is
11 not treated as a new improvement if the improvement is a replacement
12 structure for a structure that was rendered unusable by a casualty
13 or by wind or water damage. For purposes of appraising the property
14 under Subsection (d) in the tax year in which the structure would
15 have constituted a new improvement:

16 (1) the appraised value the property would have had in
17 the preceding tax year if the casualty or damage had not occurred is
18 considered to be the appraised value of the property for that year,
19 regardless of whether that appraised value exceeds the actual
20 appraised value of the property for that year as limited by
21 Subsection (d); and

22 (2) the replacement structure is considered to be a
23 new improvement only if:

24 (A) the square footage of the replacement
25 structure exceeds that of the replaced structure as that structure
26 existed before the casualty or damage occurred; or

27 (B) the exterior of the replacement structure is

1 of higher quality construction and composition than that of the
2 replaced structure.

3 (i) Notwithstanding Subsection (h)(2), and only to the
4 extent necessary to satisfy the requirements of a disaster recovery
5 program, a replacement structure described by that subdivision is
6 not considered to be a new improvement if to satisfy the
7 requirements of the disaster recovery program it was necessary
8 that:

9 (1) the square footage of the replacement structure
10 exceed that of the replaced structure as that structure existed
11 before the casualty or damage occurred; or

12 (2) the exterior of the replacement structure be of
13 higher quality construction and composition than that of the
14 replaced structure.

15 SECTION 5. Sections 25.19(b) and (g), Tax Code, as
16 effective until January 1, 2027, are amended to read as follows:

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

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

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

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

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

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

5 (4-a) a statement of whether the property qualifies
6 for the circuit breaker limitation on appraised value provided by
7 Section [23.231](#) or the limitation on appraised value provided by
8 Section 23.232;

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

14 (6) a detailed explanation of the time and procedure
15 for protesting the value;

16 (7) the date and place the appraisal review board will
17 begin hearing protests;

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

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

25 (g) By April 1 or as soon thereafter as practicable if the
26 property is a single-family residence that qualifies for an
27 exemption under Section [11.13](#), or by May 1 or as soon thereafter as

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

10 (1) the appraised value of the property in the
11 preceding year;

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

15 (2-a) a statement of whether the property qualifies
16 for the circuit breaker limitation on appraised value provided by
17 Section 23.231 or the limitation on appraised value provided by
18 Section 23.232;

19 (3) a detailed explanation of the time and procedure
20 for protesting the value; and

21 (4) the date and place the appraisal review board will
22 begin hearing protests.

23 SECTION 6. Sections 25.19(b) and (g), Tax Code, as
24 effective January 1, 2027, are amended to read as follows:

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

27 (1) a list of the taxing units in which the property is

1 taxable;

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

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

6 (4) the appraised value of the property for the
7 current year, the kind and amount of each exemption and partial
8 exemption, if any, approved for the property for the current year
9 and for the preceding year, and, if an exemption or partial
10 exemption that was approved for the preceding year was canceled or
11 reduced for the current year, the amount of the exemption or partial
12 exemption canceled or reduced;

13 (4-a) a statement of whether the property qualifies
14 for the limitation on appraised value provided by Section 23.232;

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

20 (6) a detailed explanation of the time and procedure
21 for protesting the value;

22 (7) the date and place the appraisal review board will
23 begin hearing protests;

24 (8) an explanation of the availability and purpose of
25 an informal conference with the appraisal office before a hearing
26 on a protest; and

27 (9) a brief explanation that the governing body of

1 each taxing unit decides whether or not taxes on the property will
2 increase and the appraisal district only determines the value of
3 the property.

4 (g) By April 1 or as soon thereafter as practicable if the
5 property is a single-family residence that qualifies for an
6 exemption under Section 11.13, or by May 1 or as soon thereafter as
7 practicable in connection with any other property, the chief
8 appraiser shall deliver a written notice to the owner of each
9 property not included in a notice required to be delivered under
10 Subsection (a), if the property was reappraised in the current tax
11 year, if the ownership of the property changed during the preceding
12 year, or if the property owner or the agent of a property owner
13 authorized under Section 1.111 makes a written request for the
14 notice. The chief appraiser shall separate real from personal
15 property and include in the notice for each property:

16 (1) the appraised value of the property in the
17 preceding year;

18 (2) the appraised value of the property for the
19 current year and the kind of each partial exemption, if any,
20 approved for the current year;

21 (2-a) a statement of whether the property qualifies
22 for the limitation on appraised value provided by Section 23.232;

23 (3) a detailed explanation of the time and procedure
24 for protesting the value; and

25 (4) the date and place the appraisal review board will
26 begin hearing protests.

27 SECTION 7. Section 41.41(a), Tax Code, as effective until

1 January 1, 2027, is amended to read as follows:

2 (a) A property owner is entitled to protest before the
3 appraisal review board the following actions:

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

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

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

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

13 (4-a) determination that the owner's property does not
14 qualify for the circuit breaker limitation on appraised value
15 provided by Section 23.231 or the limitation on appraised value
16 provided by Section 23.232;

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

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

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

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

27 or

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

4 SECTION 8. Section 41.41(a), Tax Code, as effective January
5 1, 2027, is amended to read as follows:

6 (a) A property owner is entitled to protest before the
7 appraisal review board the following actions:

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

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

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

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

17 (4-a) determination that the owner's property does not
18 qualify for the limitation on appraised value provided by Section
19 23.232;

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

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

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

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

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

7 SECTION 9. Section 42.26(d), Tax Code, as effective until
8 January 1, 2027, is amended to read as follows:

9 (d) For purposes of this section, the value of the property
10 subject to the suit and the value of a comparable property or sample
11 property that is used for comparison must be the market value
12 determined by the appraisal district when the property is subject
13 to the limitation on appraised value imposed by Section 23.23, ~~[or]~~
14 23.231, or 23.232.

15 SECTION 10. Section 42.26(d), Tax Code, as effective
16 January 1, 2027, is amended to read as follows:

17 (d) For purposes of this section, the value of the property
18 subject to the suit and the value of a comparable property or sample
19 property that is used for comparison must be the market value
20 determined by the appraisal district when the property is [~~a~~
21 ~~residence homestead~~] subject to the limitation on appraised value
22 imposed by Section 23.23 or 23.232.

23 SECTION 11. Sections 403.302(d) and (i), Government Code,
24 as effective until January 1, 2027, are amended to read as follows:

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

27 (1) the total dollar amount of any residence homestead

1 exemptions lawfully granted under Section 11.13(b) or (c), Tax
2 Code, in the year that is the subject of the study for each school
3 district;

4 (2) one-half of the total dollar amount of any
5 residence homestead exemptions granted under Section 11.13(n), Tax
6 Code, in the year that is the subject of the study for each school
7 district;

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

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

13 (A) is within a reinvestment zone created on or
14 before May 31, 1999, or is proposed to be included within the
15 boundaries of a reinvestment zone as the boundaries of the zone and
16 the proposed portion of tax increment paid into the tax increment
17 fund by a school district are described in a written notification
18 provided by the municipality or the board of directors of the zone
19 to the governing bodies of the other taxing units in the manner
20 provided by former Section 311.003(e), Tax Code, before May 31,
21 1999, and within the boundaries of the zone as those boundaries
22 existed on September 1, 1999, including subsequent improvements to
23 the property regardless of when made;

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

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

3 (5) the total dollar amount of any captured appraised
4 value of property that:

5 (A) is within a reinvestment zone:

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

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

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

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

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

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

25 (8) the portion of the appraised value of residence
26 homesteads of individuals who receive a tax limitation under
27 Section 11.26, Tax Code, on which school district taxes are not

1 imposed in the year that is the subject of the study, calculated as
2 if the residence homesteads were appraised at the full value
3 required by law;

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

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

17 (11) the appraised value of property the collection of
18 delinquent taxes on which is deferred under Section 33.06, Tax
19 Code;

20 (12) the portion of the appraised value of property
21 the collection of delinquent taxes on which is deferred under
22 Section 33.065, Tax Code;

23 (13) the amount by which the market value of property
24 to which Section 23.23, ~~[or]~~ 23.231, or 23.232, Tax Code, applies
25 exceeds the appraised value of that property as calculated under
26 Section 23.23, ~~[or]~~ 23.231, or 23.232, Tax Code, as applicable; and

27 (14) the total dollar amount of any exemptions granted

1 under Section 11.35, Tax Code.

2 (i) If the comptroller determines in the study that the
3 market value of property in a school district as determined by the
4 appraisal district that appraises property for the school district,
5 less the total of the amounts and values listed in Subsection (d) as
6 determined by that appraisal district, is valid, the comptroller,
7 in determining the taxable value of property in the school district
8 under Subsection (d), shall for purposes of Subsection (d)(13)
9 subtract from the market value as determined by the appraisal
10 district of properties to which Section 23.23, ~~or~~ 23.231, or
11 23.232, Tax Code, applies the amount by which that amount exceeds
12 the appraised value of those properties as calculated by the
13 appraisal district under Section 23.23, ~~or~~ 23.231, or 23.232, Tax
14 Code, as applicable. If the comptroller determines in the study
15 that the market value of property in a school district as determined
16 by the appraisal district that appraises property for the school
17 district, less the total of the amounts and values listed in
18 Subsection (d) as determined by that appraisal district, is not
19 valid, the comptroller, in determining the taxable value of
20 property in the school district under Subsection (d), shall for
21 purposes of Subsection (d)(13) subtract from the market value as
22 estimated by the comptroller of properties to which Section 23.23,
23 ~~or~~ 23.231, or 23.232, Tax Code, applies the amount by which that
24 amount exceeds the appraised value of those properties as
25 calculated by the appraisal district under Section 23.23, ~~or~~
26 23.231, or 23.232, Tax Code, as applicable.

27 SECTION 12. Sections 403.302(d) and (i), Government Code,

1 as effective January 1, 2027, are amended to read as follows:

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

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

8 (2) one-half of the total dollar amount of any
9 residence homestead exemptions granted under Section 11.13(n), Tax
10 Code, in the year that is the subject of the study for each school
11 district;

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

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

17 (A) is within a reinvestment zone created on or
18 before May 31, 1999, or is proposed to be included within the
19 boundaries of a reinvestment zone as the boundaries of the zone and
20 the proposed portion of tax increment paid into the tax increment
21 fund by a school district are described in a written notification
22 provided by the municipality or the board of directors of the zone
23 to the governing bodies of the other taxing units in the manner
24 provided by former Section 311.003(e), Tax Code, before May 31,
25 1999, and within the boundaries of the zone as those boundaries
26 existed on September 1, 1999, including subsequent improvements to
27 the property regardless of when made;

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

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

7 (5) the total dollar amount of any captured appraised
8 value of property that:

9 (A) is within a reinvestment zone:

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

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

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

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

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

24 (7) the difference between the comptroller's estimate
25 of the market value and the productivity value of land that
26 qualifies for appraisal on the basis of its productive capacity,
27 except that the productivity value estimated by the comptroller may

1 not exceed the fair market value of the land;

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

8 (9) a portion of the market value of property not
9 otherwise fully taxable by the district at market value because of
10 action required by statute or the constitution of this state, other
11 than Section 11.311, Tax Code, that, if the tax rate adopted by the
12 district is applied to it, produces an amount equal to the
13 difference between the tax that the district would have imposed on
14 the property if the property were fully taxable at market value and
15 the tax that the district is actually authorized to impose on the
16 property, if this subsection does not otherwise require that
17 portion to be deducted;

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

21 (11) the appraised value of property the collection of
22 delinquent taxes on which is deferred under Section 33.06, Tax
23 Code;

24 (12) the portion of the appraised value of property
25 the collection of delinquent taxes on which is deferred under
26 Section 33.065, Tax Code;

27 (13) the amount by which the market value of property

1 ~~[a residence homestead]~~ to which Section 23.23 or 23.232, Tax Code,
2 applies exceeds the appraised value of that property as calculated
3 under Section 23.23 or 23.232, Tax Code, as applicable ~~[that~~
4 ~~section]~~; and

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

7 (i) If the comptroller determines in the study that the
8 market value of property in a school district as determined by the
9 appraisal district that appraises property for the school district,
10 less the total of the amounts and values listed in Subsection (d) as
11 determined by that appraisal district, is valid, the comptroller,
12 in determining the taxable value of property in the school district
13 under Subsection (d), shall for purposes of Subsection (d)(13)
14 subtract from the market value as determined by the appraisal
15 district of properties ~~[residence homesteads]~~ to which Section
16 23.23 or 23.232, Tax Code, applies the amount by which that amount
17 exceeds the appraised value of those properties as calculated by
18 the appraisal district under Section 23.23 or 23.232, Tax Code, as
19 applicable. If the comptroller determines in the study that the
20 market value of property in a school district as determined by the
21 appraisal district that appraises property for the school district,
22 less the total of the amounts and values listed in Subsection (d) as
23 determined by that appraisal district, is not valid, the
24 comptroller, in determining the taxable value of property in the
25 school district under Subsection (d), shall for purposes of
26 Subsection (d)(13) subtract from the market value as estimated by
27 the comptroller of properties ~~[residence homesteads]~~ to which

1 Section 23.23 or 23.232, Tax Code, applies the amount by which that
2 amount exceeds the appraised value of those properties as
3 calculated by the appraisal district under Section 23.23 or 23.232,
4 Tax Code, as applicable.

5 SECTION 13. This Act applies only to the appraisal of
6 commercial real property for ad valorem tax purposes for a tax year
7 that begins on or after the effective date of this Act.

8 SECTION 14. This Act takes effect January 1, 2026, but only
9 if the constitutional amendment proposed by the 89th Legislature,
10 Regular Session, 2025, to authorize the legislature to limit the
11 maximum appraised value of certain commercial real property for ad
12 valorem tax purposes is approved by the voters. If that amendment
13 is not approved by the voters, this Act has no effect.