

By: Bhojani

H.B. No. 3130

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to a limitation on increases in the appraised value for ad  
3 valorem tax purposes of residential real property leased to an  
4 elderly person.

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

6 SECTION 1. Section [1.12\(d\)](#), Tax Code, as effective until  
7 January 1, 2027, is amended to read as follows:

8 (d) For purposes of this section, the appraisal ratio of  
9 property to which Section [23.23](#), ~~[or]~~ [23.231](#), or [23.232](#) applies is  
10 the ratio of the property's market value as determined by the  
11 appraisal district or appraisal review board, as applicable, to the  
12 market value of the property according to law. The appraisal ratio  
13 is not calculated according to the appraised value of the property  
14 as limited by Section [23.23](#), ~~[or]~~ [23.231](#), or [23.232](#).

15 SECTION 2. Section [1.12\(d\)](#), Tax Code, as effective January  
16 1, 2027, is amended to read as follows:

17 (d) For purposes of this section, the appraisal ratio of  
18 property ~~[a homestead]~~ to which Section [23.23](#) or [23.232](#) applies is  
19 the ratio of the property's market value as determined by the  
20 appraisal district or appraisal review board, as applicable, to the  
21 market value of the property according to law. The appraisal ratio  
22 is not calculated according to the appraised value of the property  
23 as limited by Section [23.23](#) or [23.232](#).

24 SECTION 3. Subchapter [B](#), Chapter [23](#), Tax Code, is amended by

1 adding Section 23.232 to read as follows:

2 Sec. 23.232. LIMITATION ON APPRAISED VALUE OF RESIDENTIAL  
3 REAL PROPERTY LEASED TO ELDERLY PERSON. (a) In this section:

4 (1) "Fair market rent" means the most recent  
5 applicable fair market rent established by the United States  
6 Department of Housing and Urban Development for the zip code in  
7 which the property is located.

8 (2) "New improvement" means an improvement to real  
9 property described by Subsection (b) made after the most recent  
10 appraisal of the property that increases the market value of the  
11 property and the value of which is not included in the appraised  
12 value of the property for the preceding tax year. The term does not  
13 include repairs to or ordinary maintenance of an existing structure  
14 or the grounds or another feature of the property.

15 (b) This section applies only to real property that:

16 (1) is a single-family residential property leased to  
17 a lessee who is 65 years of age or older and used by the lessee as a  
18 primary residence; and

19 (2) is leased to a lessee for a rent that does not  
20 exceed the fair market rent.

21 (c) This section does not apply to property appraised under  
22 Subchapter C, D, E, F, G, or H.

23 (d) Notwithstanding the requirements of Section 25.18 and  
24 regardless of whether the appraisal office has appraised the  
25 property and determined the market value of the property for the tax  
26 year, an appraisal office may increase the appraised value of real  
27 property described by Subsection (b) for a tax year to an amount not

1 to exceed the lesser of:

2 (1) the market value of the property for the most  
3 recent tax year that the market value was determined by the  
4 appraisal office; or

5 (2) the sum of:

6 (A) 10 percent of the appraised value of the  
7 property for the preceding tax year;

8 (B) the appraised value of the property for the  
9 preceding tax year; and

10 (C) the market value of all new improvements to  
11 the property.

12 (e) If only part of a parcel of real property qualifies for  
13 the limitation provided by Subsection (d), the limitation applies  
14 only to that part of the parcel.

15 (f) When appraising real property described by Subsection  
16 (b), the chief appraiser shall:

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

18 (2) include in the appraisal records both the market  
19 value of the property and the amount computed under Subsection  
20 (d)(2).

21 (g) The limitation provided by Subsection (d) takes effect  
22 as to a parcel or part of a parcel of real property described by  
23 Subsection (b) on January 1 of the tax year following the first tax  
24 year in which the owner of the property leases the property to a  
25 lessee and for an amount described by Subsection (b). Except as  
26 provided by Subsection (h), the limitation expires on January 1 of  
27 the tax year following the first tax year in which the owner of the

1 property ceases to lease the property to a lessee or for an amount  
2 described by Subsection (b).

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

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

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

19 (A) the square footage of the replacement  
20 structure exceeds that of the replaced structure as that structure  
21 existed before the casualty or damage occurred; or

22 (B) the exterior of the replacement structure is  
23 of higher quality construction and composition than that of the  
24 replaced structure.

25 (i) In this subsection, "disaster recovery program" means  
26 the disaster recovery program administered by the General Land  
27 Office or by a political subdivision of this state that is funded

1 with community development block grant disaster recovery money  
2 authorized by federal law. Notwithstanding Subsection (h)(2), and  
3 only to the extent necessary to satisfy the requirements of the  
4 disaster recovery program, a replacement structure described by  
5 that subdivision is not considered to be a new improvement if to  
6 satisfy the requirements of the disaster recovery program it was  
7 necessary that:

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

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

14 (j) To receive a limitation under Subsection (d), a person  
15 claiming the limitation must annually apply for the limitation by  
16 filing an application with the chief appraiser of the appraisal  
17 district. The chief appraiser shall accept and approve or deny an  
18 application. For property appraised by more than one appraisal  
19 district, a separate application must be filed in each appraisal  
20 district to receive the limitation in that district.

21 (k) The comptroller, in prescribing the contents of the  
22 application form for a limitation under Subsection (d), shall  
23 ensure that the form requires an applicant to provide the  
24 information necessary to determine the validity of the limitation  
25 claim. The form must require an applicant to provide the  
26 applicant's name and driver's license number, personal  
27 identification certificate number, social security number, or

1 taxpayer identification number. The comptroller shall include on  
2 the form a notice of the penalties prescribed by Section 37.10,  
3 Penal Code, for making or filing an application containing a false  
4 statement and shall include on the form a statement explaining that  
5 the application must be made annually. In this subsection,  
6 "driver's license" and "personal identification certificate" have  
7 the meanings assigned by Section 11.43(f).

8 (l) To receive a limitation under Subsection (d) for a tax  
9 year, a person must apply for the limitation not later than May 1 of  
10 that year. Except as provided by Subsection (m), if the person  
11 fails to timely file a completed application, the person may not  
12 receive the limitation for that year.

13 (m) The chief appraiser shall accept and approve or deny an  
14 application for a limitation under Subsection (d) for a tax year  
15 after the deadline for filing the application has passed if the  
16 application is filed not later than one year after the delinquency  
17 date for the taxes on the property for that tax year. If a late  
18 application is approved after approval of the appraisal records by  
19 the appraisal review board, the chief appraiser shall notify the  
20 collector for each taxing unit in which the property is located. If  
21 the tax has not been paid, the collector shall deduct from the  
22 person's tax bill the difference between the taxes that would have  
23 been due had the property not qualified for the limitation and the  
24 taxes due after taking the limitation into account. If the tax has  
25 been paid, the collector shall refund the difference.

26 (n) This subsection expires January 1, 2030. For purposes  
27 of applying the limitation provided by Subsection (d) in the first

1 tax year after the 2025 tax year in which the property is appraised  
2 for taxation:

3 (1) the property is considered to have been appraised  
4 for taxation in the 2025 tax year at a market value equal to the  
5 appraised value of the property for that tax year; and

6 (2) a person who acquired real property described by  
7 Subsection (b) in a tax year before the 2025 tax year is considered  
8 to have acquired the property on January 1, 2025.

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

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

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

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

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

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

22 (4-a) determination that the owner's property does not  
23 qualify for the circuit breaker limitation on appraised value  
24 provided by Section 23.231;

25 (4-b) determination that the owner's property does not  
26 qualify for the limitation on appraised value provided by Section  
27 23.232;

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

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

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

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

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

15           SECTION 5. Section 41.41(a), Tax Code, as effective January  
16 1, 2027, is amended to read as follows:

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

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

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

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

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



1           (4-a) determination that the owner's property does not  
2 qualify for the limitation on appraised value provided by Section  
3 23.232;

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

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

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

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

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

18          SECTION 6. Section 42.26(d), Tax Code, as effective until  
19 January 1, 2027, is amended to read as follows:

20          (d) For purposes of this section, the value of the property  
21 subject to the suit and the value of a comparable property or sample  
22 property that is used for comparison must be the market value  
23 determined by the appraisal district when the property is subject  
24 to the limitation on appraised value imposed by Section 23.23, ~~[or]~~  
25 23.231, or 23.232.

26          SECTION 7. Section 42.26(d), Tax Code, as effective January  
27 1, 2027, is amended to read as follows:

1 (d) For purposes of this section, the value of the property  
2 subject to the suit and the value of a comparable property or sample  
3 property that is used for comparison must be the market value  
4 determined by the appraisal district when the property is [~~a~~  
5 ~~residence homestead~~] subject to the limitation on appraised value  
6 imposed by Section [23.23](#) or [23.232](#).

7 SECTION 8. Sections [403.302](#)(d) and (i), Government Code, as  
8 effective until January 1, 2027, are amended to read as follows:

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

11 (1) the total dollar amount of any residence homestead  
12 exemptions lawfully granted under Section [11.13](#)(b) or (c), Tax  
13 Code, in the year that is the subject of the study for each school  
14 district;

15 (2) one-half of the total dollar amount of any  
16 residence homestead exemptions granted under Section [11.13](#)(n), Tax  
17 Code, in the year that is the subject of the study for each school  
18 district;

19 (3) the total dollar amount of any exemptions granted  
20 before May 31, 1993, within a reinvestment zone under agreements  
21 authorized by Chapter [312](#), Tax Code;

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

24 (A) is within a reinvestment zone created on or  
25 before May 31, 1999, or is proposed to be included within the  
26 boundaries of a reinvestment zone as the boundaries of the zone and  
27 the proposed portion of tax increment paid into the tax increment

1 fund by a school district are described in a written notification  
2 provided by the municipality or the board of directors of the zone  
3 to the governing bodies of the other taxing units in the manner  
4 provided by former Section 311.003(e), Tax Code, before May 31,  
5 1999, and within the boundaries of the zone as those boundaries  
6 existed on September 1, 1999, including subsequent improvements to  
7 the property regardless of when made;

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

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

14 (5) the total dollar amount of any captured appraised  
15 value of property that:

16 (A) is within a reinvestment zone:

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

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

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

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

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

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

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

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

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

1           (11) the appraised value of property the collection of  
2 delinquent taxes on which is deferred under Section 33.06, Tax  
3 Code;

4           (12) the portion of the appraised value of property  
5 the collection of delinquent taxes on which is deferred under  
6 Section 33.065, Tax Code;

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

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

13           (i) If the comptroller determines in the study that the  
14 market value of property in a school district as determined by the  
15 appraisal district that appraises property for the school district,  
16 less the total of the amounts and values listed in Subsection (d) as  
17 determined by that appraisal district, is valid, the comptroller,  
18 in determining the taxable value of property in the school district  
19 under Subsection (d), shall for purposes of Subsection (d)(13)  
20 subtract from the market value as determined by the appraisal  
21 district of properties to which Section 23.23, ~~[or]~~ 23.231, or  
22 23.232, Tax Code, applies the amount by which that amount exceeds  
23 the appraised value of those properties as calculated by the  
24 appraisal district under Section 23.23, ~~[or]~~ 23.231, or 23.232, Tax  
25 Code, as applicable. If the comptroller determines in the study  
26 that the market value of property in a school district as determined  
27 by the appraisal district that appraises property for the school

1 district, less the total of the amounts and values listed in  
2 Subsection (d) as determined by that appraisal district, is not  
3 valid, the comptroller, in determining the taxable value of  
4 property in the school district under Subsection (d), shall for  
5 purposes of Subsection (d)(13) subtract from the market value as  
6 estimated by the comptroller of properties to which Section 23.23,  
7 ~~[or]~~ 23.231, or 23.232, Tax Code, applies the amount by which that  
8 amount exceeds the appraised value of those properties as  
9 calculated by the appraisal district under Section 23.23, ~~[or]~~  
10 23.231, or 23.232, Tax Code, as applicable.

11 SECTION 9. Sections 403.302(d) and (i), Government Code, as  
12 effective January 1, 2027, are amended to read as follows:

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

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

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

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

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

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

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

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

18                   (5) the total dollar amount of any captured appraised  
19 value of property that:

20                   (A) is within a reinvestment zone:

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

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

1 or for affordable housing;

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

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

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

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

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

19 (9) a portion of the market value of property not  
20 otherwise fully taxable by the district at market value because of  
21 action required by statute or the constitution of this state, other  
22 than Section 11.311, Tax Code, that, if the tax rate adopted by the  
23 district is applied to it, produces an amount equal to the  
24 difference between the tax that the district would have imposed on  
25 the property if the property were fully taxable at market value and  
26 the tax that the district is actually authorized to impose on the  
27 property, if this subsection does not otherwise require that



1 portion to be deducted;

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

5 (11) the appraised value of property the collection of  
6 delinquent taxes on which is deferred under Section 33.06, Tax  
7 Code;

8 (12) the portion of the appraised value of property  
9 the collection of delinquent taxes on which is deferred under  
10 Section 33.065, Tax Code;

11 (13) the amount by which the market value of property  
12 [~~a residence homestead~~] to which Section 23.23 or 23.232, Tax Code,  
13 applies exceeds the appraised value of that property as calculated  
14 under Section 23.23 or 23.232, Tax Code, as applicable [~~that~~  
15 ~~section~~]; and

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

18 (i) If the comptroller determines in the study that the  
19 market value of property in a school district as determined by the  
20 appraisal district that appraises property for the school district,  
21 less the total of the amounts and values listed in Subsection (d) as  
22 determined by that appraisal district, is valid, the comptroller,  
23 in determining the taxable value of property in the school district  
24 under Subsection (d), shall for purposes of Subsection (d)(13)  
25 subtract from the market value as determined by the appraisal  
26 district of properties [~~residence homesteads~~] to which Section  
27 23.23 or 23.232, Tax Code, applies the amount by which that amount

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

16 SECTION 10. This Act applies only to the appraisal of  
17 residential real property for ad valorem tax purposes for a tax year  
18 that begins on or after the effective date of this Act.

19 SECTION 11. This Act takes effect January 1, 2026, but only  
20 if the constitutional amendment proposed by the 89th Legislature,  
21 Regular Session, 2025, to authorize the legislature to provide for  
22 a limitation on the maximum appraised value for ad valorem tax  
23 purposes of residential real property leased to an elderly person  
24 is approved by the voters. If that amendment is not approved by the  
25 voters, this Act has no effect.