

By: Flores

S.B. No. 244

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), 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 2026 tax year:

(1) the property owner is considered to have qualified
the property for the exemption for the first time in the 2025 tax
year; and

(2) the appraised value of the property as shown on the
2025 appraisal roll is considered to be the market value of the
property for that tax year for purposes of Subsections (a) and
(a-1).

(a-3) Subsection (a-1) does not apply to a residence
homestead if:

(1) the purchase was made:

(A) pursuant to a court order;

(B) from a trustee in bankruptcy;

1 (C) by one co-owner from one or more other
2 co-owners;

3 (D) from a spouse or a person or persons within
4 the first or second degree of lineal consanguinity of one or more of
5 the purchasers; or

6 (E) from a governmental entity; or

7 (2) the chief appraiser determines that the applicant
8 was not a bona fide purchaser for value under criteria established
9 by rules adopted by the comptroller for that purpose.

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

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

1 (a-6).

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

4 (1) in a judicial or administrative proceeding under a
5 lawful subpoena;

6 (2) to a purchaser, grantee, seller, or grantor named
7 in the application or in the deed to which the application applies
8 or to a representative of the purchaser, grantee, seller, or
9 grantor under a written authorization signed by the purchaser,
10 grantee, seller, or grantor;

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

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

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

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

19 (C) by the appraisal district for the purpose of
20 establishing a value of the property or of providing evidence of
21 comparable sales to appraise another property;

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

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

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

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

6 (b) When appraising a residence homestead, the chief
7 appraiser shall:

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

9 (2) include in the appraisal records both the market
10 value of the property and the amount computed under Subsection (a)
11 [~~(a)(2)~~].

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

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

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

26 SECTION 3. This Act takes effect January 1, 2026, but only
27 if the constitutional amendment proposed by the 89th Legislature,

1 Regular Session, 2025, authorizing the legislature to provide that
2 the appraised value of a residence homestead for ad valorem tax
3 purposes for the first tax year that the owner of the property
4 qualifies the property for a residence homestead exemption is the
5 market value of the property and that, if the owner purchased the
6 property, the purchase price of the property is considered to be the
7 market value of the property for that tax year and to limit
8 increases in the appraised value of the homestead for subsequent
9 tax years based on the market value of all new improvements to the
10 property is approved by the voters. If that amendment is not
11 approved by the voters, this Act has no effect.