Circuit Breaker Limitation on Appraised Value

Beginning in 2024, all real property valued at $5,000,000 or less will have a 20 percent circuit breaker cap on the appraised value, with the exclusion of land receiving the agriculture-use special appraisal and homestead properties that receive the 10 percent limited appraised value cap.

The circuit breaker provision of the Property Tax Code limits the amount the Appraisal District can increase your property value. The appraised value of qualifying real property is limited to an increase of no more than 20 percent per year unless new improvements, excluding ordinary maintenance, have been made. This limitation takes effect on January 1 of the tax year following the first tax year in which the owner owns the property and expires on January 1 of the first tax year that the owner no longer owns the property, If you owned your property as of January 1, 2023, you will receive this appraised value limitation in 2024. Your property will now carry two values:

- the circuit breaker cap value which is the value that your taxes will be based on, and
- the market value which is the true value of the property.

For example, the appraised value of your qualifying real property was $100,000 last year. This year the Appraisal District appraises your property at $125,000. No new improvements or additions have been made to the property since last year. The circuit breaker value is calculated as follows:

$100,000 X 20% = $20,000 + $100,000 = $120,000

Your taxes will be based on the circuit breaker value of $120,000; however, the market value of your property will remain at $125,000.

Should you sell your property, the limitation on its appraised value will be removed, and the tax base will increase to the market value.

The circuit breaker currently applies to the 2024, 2025, and 2026 tax years. The appraised value that the circuit breaker applies to is set at $5,000,000 or less for 2024; however, the State Comptroller can increase or decrease the appraised value limit for 2025 and 2026 based on the consumer price index.