

# Circuit Breaker Limitation

*Property Tax Code § 23.231*

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## What Is the Circuit Breaker Limitation?

Beginning in 2024, certain real properties may qualify for a **20% limitation** on annual increases to their appraised value for taxation purposes. This law was created to help reduce the impact of large, year-to-year appraisal increases.

This limitation **does not** apply to:

- Residence homesteads receiving the 10% homestead cap (Tax Code § 11.13)
- Properties receiving special valuations such as agricultural or timber land

If your property qualifies, your taxes will be based on the **circuit breaker cap value**, not the full **market value**.

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## Eligibility Requirements

A property qualifies for the 20% appraisal cap in **2024** if **all** of the following are true:

1. The property is **real property**.
2. It is **not** a residence homestead with a homestead exemption.
3. It is **not** appraised under special-use categories in Subchapters C–H (ag, timber, recreational, airport, etc.).
4. The **same owner** held the property on **January 1, 2023**, and **January 1, 2024**.
5. The appraised value in 2024 is **\$5,000,000 or less**.

## Future Years (2025–2026)

The Comptroller may adjust the \$5 million limit based on the **consumer price index**.

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## How the Limitation Works

The circuit breaker limits increases in appraised value to **no more than 20% per year**, unless new improvements have been added. Normal maintenance does **not** count as an improvement.

To qualify, you must own the property for a **full calendar year** (January–December).

- Example: If you owned your property on **January 1, 2023**, it is eligible for the limitation in **2024**.

## Two Values on Your Appraisal Notice

Qualifying properties will show:

- **Circuit Breaker Cap Value**  
Used to calculate your taxes
- **Market Value**  
The true appraised value of the property

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## Example Calculation

Last year’s value: **\$100,000**  
This year’s market value: **\$125,000**  
No new improvements have been added.

*Step 1:*

$\$100,000 \times 20\% = \textbf{\$20,000}$

**Taxable value:** \$120,000  
**Market value:** \$125,000

*Step 2:*

$\$100,000 + \$20,000 = \textbf{\$120,000}$

Your taxes are based on the **circuit breaker value of \$120,000**.

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## When the Limitation Ends

The limitation expires on **January 1 of the first year after the owner no longer owns the property**.

If the property is sold:

- The limitation is removed.
  - The property returns to **full market value** for the new owner.
  - The new owner becomes eligible only after owning the property for a **full calendar year**.
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## Tax Years Covered

The circuit breaker limitation is currently authorized for:

<b>2024</b>	<b>2025</b>	<b>2026</b>
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## Do I Need to Apply?

**No.**  
The appraisal district automatically reviews eligibility and applies the limitation each year. No application or action is required from the property owner.