March 6, 2024

Circuit Breaker Limitation on Non-Resident Homestead Property Value Increases

Effective January 1, 2024, a 20% limit on the annual increase will be set on the appraisal value of non-homestead real property.

Per Texas Tax Code Section 23.231, the circuit breaker limitation:
- Applies to non-homestead real properties valued at $5 million or less;
- Does not apply to real property that qualifies for special appraisal, such as agricultural land, timberland, recreational, park, scenic land, etc.; and
- Does not apply to new improvements.

Qualifying properties will carry two values: the circuit breaker cap value, which is the value that taxes are based on (Appraised Cap Value), and the market value, which is the actual value of the property.

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. Since last year, no new improvements or additions have been made to the property.

The circuit breaker value is calculated as follows:
$100,000 \times 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.

Currently, the circuit breaker limitation only applies to the 2024, 2025, and 2026 tax years. You must own the property for an entire year before being eligible for the 20% limitation. Should you sell the property, the limitation will be removed, and the current market value will be reinstated. An application is not required as the Bexar Appraisal District will apply and calculate these benefits automatically for applicable years.

For more information, contact us at:

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