

New 20% Circuit Breaker Property Value Limitation- Tax Code Section 23.231

Starting this year, a new limitation called the **Circuit Breaker Limitation** will apply to all real property, including minerals.

Here is a simplified explanation for the new Circuit Breaker Limitation:

Who it applies to: Owners of real property valued at \$5,000,000 or less, excluding agricultural land production value and homestead properties that already have a 10% limitation. **Business Personal Property does not qualify.**

What it does: It caps the increase of your property's TAXABLE value to 20% per year unless there have been improvements to the property. It is similar to the 10% value cap for a homestead's TAXABLE value.

When it starts: The limitation takes effect on January 1 of the year following your first full year of property ownership. For example, if you owned your property January 1, 2023, you would qualify for this limitation in 2024.

How it works: Your property will have two values - the circuit breaker limited TAXABLE value (which your taxes are based on) and the MARKET value (the actual value of the property). If your property was worth \$100,000 last year and is appraised at \$125,000 this year, your taxes will be based on a limited TAXABLE value of \$120,000, but the MARKET value is \$125,000.

Expiration: The limitation expires when the property changes ownership. The new owner's TAXABLE value will be reset to the current MARKET value until they qualify for the limitation.

Duration: The Texas Legislature has authorized this limitation for the tax years 2024, 2025, and 2026.

Application: You do not need to apply for this limitation. The appraisal district will automatically calculate and apply these benefits every year.

Increase in Market Value: In addition to new improvements added to the appraisal records, there are property types that had value increases this year due to sales data evidence. The sales market has increased in the past few years. Commercial land and Residential market changes will qualify for the Circuit Breaker limitation on Taxable Value. **Please call or schedule a time to visit with an appraiser if you have questions about your property values.**

Online Protest: As in prior years, you may file a protest online for your residence homestead on the website. Instructions are included on the appraisal notice.

If you have any questions, please contact our office at 325-573-8549 or scad@scurrytex.com. Thank you.

Jackie Martin, Chief Appraiser

“Why are Scurry County properties increasing in value?”

Factors driving Scurry County property market value increases, along with exemptions and limitations to lower your taxable value:

1. **Housing and Commercial Property Demand:** The strong demand for property investment, coupled with limited inventory of homes and businesses for sale, has led to higher sales prices. This consistent demand affects property tax values.
2. **Stable Economy and Low Mortgage Rates:** Although mortgage rates and inflation have increased, real estate remains a safe and necessary investment. When it costs more to build than to buy an existing property or a location has positive attributes, market values tend to rise.
3. **Property Improvements:** Homeowners who invest in upgrades or additions significantly impact their property's market value. Improvements such as adding living space by enclosing a garage, enhancing exterior siding and roofing quality, or constructing additional structures (like a shop or barn) contribute to increased value and higher appraisals.
4. **Market Value:** The market value of your property is determined based on what we believe it would sell for as of January 1 of the current year. If your home's market value has increased since your purchase due to sales activity of similar property, your appraisal will reflect this rise.
5. **Taxable Value:** Your property taxable value is the value after any qualified exemptions or value limitations. Taxable value is used to determine your tax.
6. **Homestead Exemption:** Most homeowners benefit from exemptions, especially the homestead exemption. State law limits the taxable value of a homestead to a maximum 10% increase per year. Thus, your net appraised value for 2024 may be lower than the actual market value.
7. **Over 65 Exemption:** Once the homestead owner is 65, **their taxes will not increase** for the school, Scurry County, City of Snyder, and WTC **unless there are new improvements**. The Scurry County Hospital District has an Over 65 \$100,000 exemption in lieu of a tax ceiling for Over 65 Homesteads.
8. **20% Circuit Breaker Limitation:** A new law benefits real property owners valued at \$5,000,000 or less, (excluding agricultural land production value and homesteads with the 10% limitation). If the market value increases **without a new addition on the property**, a 20% value limitation on the increase applies to the taxable value.
9. **Property Tax Rates:** Beyond appraised valuation, local tax rates impact your property tax bill. If tax rates rise, it contributes to higher property taxes.

Remember that your actual tax payment is based on the “TAXABLE value,” which may be significantly less than the MARKET value. Exemptions and value limitations may lower the TAXABLE value. If you have further questions, feel free to contact our office at 325-573-8549 or scad@scurrytex.com.