

S.B. No. 2 – Section 23.231 (Circuit Breaker Limitation)

Valuation Scenarios



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Scenario 1: Value below \$5 million in first year limitation applies

Year 0 (2023)	Year 1 (2024) - 1st year limitation applies	Year 2 (2025)
Market Value: \$3.0 million	Market Value: \$4.8 million	Market Value: \$6 million
Appraised Value: \$3.0 million	Appraised Value: \$3.6 million	Appraised Value: \$4.32 million

- Under Section 23.231(d), the appraised value for the current year is limited to 20 percent of the appraised value of the property for the preceding year.

**Note: Property qualified for limitation in 2024, so section continued to apply even after the market value and appraised value increased above \$5 million.



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Scenario 2: Value above \$5 million in first year limitation applies

Year 0 (2023)	Year 1 (2024) - Limitation inapplicable under Section 23.231(b)	Year 2 (2025)
Market Value: \$3.0 million	Market Value: \$5.2 million	Market Value: \$6 million
Appraised Value: \$3.0 million	Appraised Value: \$5.2 million	Appraised Value: \$6 million

- Section 23.231(b) provides that the circuit breaker only applies to property with an appraised value of not more than an inflation adjusted \$5 million "for the tax year in which the property first qualifies for the circuit breaker limitation."

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Scenario 3: New Improvement in Year 2

Year 0 (2023)	Year 1 (2024) - first year limitation applies	Year 2 (2025) - new improvement of \$3.0 million built in 2024	Year 3 (2026)
Market Value: \$4.3 million	Market Value: \$4.5 million	Market Value: \$7.5 million	Market Value: \$9.5 million
Appraised Value: \$4.3 million	Appraised Value: \$4.5 million	Appraised Value: \$7.5 million	Appraised Value: \$9 million

- Appraised value for the current year is limited to 20 percent of the appraised value of the property for the preceding year plus the value of any new improvements. Section 23.231(d)(1)(C).

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