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Joyce Beebe, John W. Diamond and Jennifer Rabb

Executive Summary

This research paper examines the circuit breaker limitation on appraised value (appraisal cap) for ad valorem property tax enacted by the Texas Legislature in 2023 as part of SB 2 (88th Leg., 2nd C.S.). With some exceptions, the new law limits any assessed tax value increase to 20% over the prior year for all non-homestead properties valued at $5 million or under and applies regardless of taxpayer income. This paper explores the impact of the new limit on both taxpayers and local government revenues. In order to best represent the state's economy, the authors of this paper analyzed the operation of the appraisal cap in five distinct Texas counties: Collin, Harris, Midland, Moore and Smith.

Data Highlights

In 2024, a total of $4.2 billion in property value was removed from the property tax roll in the five analyzed counties as a result of the appraisal cap. However, since the appraisal cap was relatively limited in operation, the $4.2 billion of value removed was only 0.4% of the total taxable value that would have been realized in the absence of the 20% appraisal cap. This total includes value removed from the tax rolls of the school districts, cities, and special purpose districts within the five counties.

Inconsistencies were encountered in the application of the appraisal cap by the five central appraisal districts (CADs). The inconsistencies cut both ways, sometimes removing too little value from the appraisal roll and sometimes removing too much.

The analysis revealed that the CADs for the five counties removed $924 million less value from the appraisal rolls than the statute and the Comptroller's formula for calculating lost value implied. This constituted a 21.8% understatement of lost value.

The CADs for the five counties also sometimes applied the appraisal cap to properties that appeared to be ineligible for the cap, according to the statutory criteria and CAD data. Approximately $1.3 billion in property value was removed from the appraisal rolls of the five counties for these properties. In various instances among the five counties, the appraisal cap was mistakenly applied to 1) homesteads; 2) mobile homes classified as personal property; 3) property that had different owners on Jan. 1, 2023 and Jan. 1, 2024; and 4) property with a market value over $5 million.

Impact on Local Tax Rates

The 20% appraisal cap led to higher tax rates in all five counties examined. This occurred because, when property value is removed from the appraisal roll, Texas law allows taxing units to maintain a constant level of property tax revenue by raising tax rates to offset the reduction in taxable value. The cap resulted in slight increases in the no-new-revenue tax rate (NNRTR) and voter-approval tax rate (VATR) of each county. Assuming revenue neutrality shows that the appraisal cap resulted in slightly higher adopted tax rates for each county.

For capped properties, the appraisal cap led to a decrease of $12.8 million in assessed taxes for capped properties and an increase of $14.2 million in assessed taxes for uncapped properties in the five counties. Netting the tax decrease for capped properties and the tax increase for uncapped properties yields an increase of $1.4 million in taxes in the five counties. The cap resulted in a tax increase on the median home value, including homesteads, ranging from $1.36 in Collin County to $31.08 in Smith County.

Although the increase in the NNRTR, VATR, adopted tax rate, and tax levies on uncapped properties was relatively small, that is because the value removed from the tax roll as a result of the 20% appraisal cap was relatively small. As noted above, only 0.4% of taxable value was removed from the tax rolls of the five counties by the cap. However, if the appraisal cap had been lower than 20%, or if more properties had been eligible for the cap, significantly more value would have been removed from the appraisal rolls and the increase in tax rates and tax levies on uncapped properties, including homesteads, would have been more pronounced.

Authors' Note

This research paper covers a dense and complex topic. We have endeavored to make it accessible to a broad audience by providing summary narratives in the Executive Summary and the main body of the paper, in addition to detailed narratives on the same topics in the appendices. For that reason, readers reviewing the entire paper will find some duplication of material. Our intention with this approach is to accommodate the level of detail that different readers prefer. For example, if a reader would like to know only the results of our analysis, that is thoroughly covered in the main body of the paper. However, if the reader would like to understand the methodology for the analysis as well as the results in greater detail, an exposition will be found in the appendices.

All tables are based on the authors' analysis of publicly available property tax data unless otherwise indicated.

Introduction

This research paper examines the circuit breaker limitation on appraised value for ad valorem property tax that was enacted by the Texas Legislature in 2023 as part of SB 2 (88th Leg., 2nd C.S.). The circuit breaker provision, referred to in this paper as the "appraisal cap," limits the maximum annual increase of the appraised value of real property other than a residential homestead to 20%, excluding the value of new improvements.[1] The appraisal cap first took effect in the 2024 tax year and applied only to properties with an appraised value of $5 million or less.[2] The appraisal cap statute and its constitutional authorization expire at the end of tax year 2026.[3]

Appraisal caps are one of three mechanisms utilized for limiting property taxes and Texas is one of 18 states that employ an appraisal cap. Texas actually utilizes two appraisal caps — a 10% appraisal cap for homesteads and the 20% appraisal cap examined in this report.[4] Appendix A summarizes the use of appraisal caps and other property tax limitations in the United States, and Appendix B reviews the economic literature on appraisal caps and their consequences.

Primary Focus

An analysis of the certified appraisal rolls of five Texas counties was conducted to answer the following five questions:

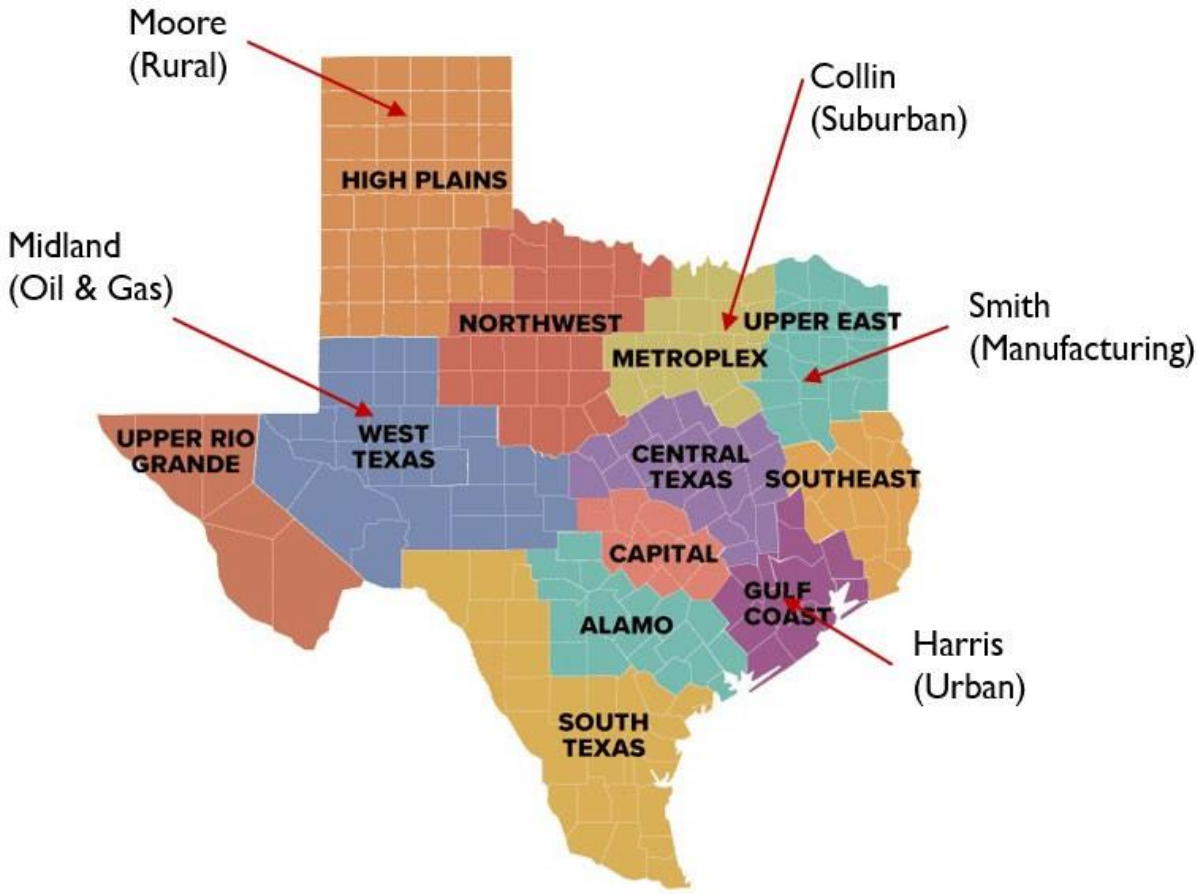
1. How much property value was removed from each county's appraisal roll as a result of the 20% appraisal cap?
2. What categories of property had the most value removed from the appraisal roll as a result of the cap?
3. How did the appraisal cap affect tax rates in each county?
4. How much of the property tax levy for each county was shifted from capped properties to uncapped properties?
5. How much property value would have been removed from each county's appraisal roll if the appraisal cap had been 10% instead of 20%?

Scope of Research

The research analyzed the operation of the 20% appraisal cap in 2024, the first year of its application to property, in five Texas counties. To be representative of the state's economy, the five counties analyzed are geologically, geographically, and economically different from one another. The Texas Comptroller of Public Accounts has organized the 254 counties of Texas into 12 economic regions.[5] The five counties that are the subject of this report, their economic regions, and their leading characteristics among the counties in the sample are:

- Collin County — Metroplex (suburban)
- Harris County — Gulf Coast (urban)
- Midland County — West Texas (oil & gas)
- Moore County — High Plains (rural)
- Smith County — Upper East (manufacturing)

Figure 1 — Location of the Five Counties



Source: Texas Comptroller of Public Accounts.

The appraisal district in each Texas county — referred to as the central appraisal district or CAD — is responsible for valuing all property within the county for tax purposes and preparing the appraisal roll each year.[6] Each CAD is required to submit its certified appraisal rolls to the state Comptroller.[7]

For this project, the 2023 and 2024 certified appraisal rolls for Collin, Harris, Midland, Moore, and Smith counties were obtained from the Texas Comptroller (the CAD data), excluding any supplemental rolls. All results in this report were drawn from analysis of this CAD data.

Methodology

In the broadest terms, the research divided the 2024 appraisal roll for each county into two groups — properties that had value removed from the tax roll because of the appraisal cap (total capped properties) and properties that did not (the uncapped properties). Appendix C explains the eligibility requirements for the appraisal cap under law, and Appendix D details the process used to identify total capped properties and uncapped properties on the 2024 appraisal rolls.

To account for inconsistencies in the CAD data compared to the eligibility criteria in Appendix C and other anomalies, total capped properties was comprised of two subcategories:

1. **Eligible Capped Properties** — properties that met the eligibility criteria for the appraisal cap in Appendix C and had value removed from the tax roll as a result of the cap.

2. **Deemed Capped Properties** — properties that had value removed from the tax roll as a result of the cap, but were not captured in eligible capped properties for one of the following reasons:

    - The property did not meet the eligibility criteria for the cap as shown in Appendix C. For example, some of the properties in deemed capped properties were homesteads, were personal property (such as mobile homes), had a 2024 market value greater than $5 million, or had a change in ownership after Jan. 1, 2023 — all characteristics that disqualify a property from the cap; or
    - The property had missing or apparently incorrect data in key fields for determining eligibility for the cap or the amount of value lost to the cap. For example, some properties in deemed capped properties were missing 2023 market value, had a 2024 market value of zero, or appeared on the 2024 appraisal roll but not on the 2023 appraisal roll. In spite of the data anomalies, these properties were included in deemed capped properties, and therefore total capped properties, because they had value removed from the tax roll as a result of the cap, according to the CAD data.

After total capped properties in a county were identified, all other properties on the appraisal roll for a county were grouped as uncapped properties.

Table 1 shows the number of properties included in the analysis for each county and their grouping. Details on the characteristics of eligible capped properties and deemed capped properties in each county are provided in Appendix G through Appendix K.

Table 1 — Number of Capped Properties and Uncapped Properties in Each County

	Collin	Harris	Midland	Moore	Smith
Eligible Capped Properties	11,296	44,767	48,273	1,326	11,305
Deemed Capped Properties	506	12,066	2,906	251	4,688
Total Capped Properties	**11,802**	**56,833**	**51,179**	**1,577**	**15,993**
Total Uncapped Properties	**444,537**	**1,708,105**	**423,165**	**41,292**	**169,637**

Once grouped into total capped properties and uncapped properties, the CAD data was analyzed to answer the research questions listed on Page 6. A brief summary of the methodology used to examine the main points of analysis follows.

Value Removed from the Appraisal Roll

The amount of value removed from the appraisal rolls as a result of the 20% appraisal cap was calculated in two different ways:

CAD Data Method — The Texas Comptroller's manual for preparing the appraisal rolls directed CADs to enter lost value in AJR90 according to the following formula: [8]

Lost Value 2024 = Market Value 2024 - 1.20 * Market Value 2023 - New Construction Value

For the CAD data method, the lost value reported in field AJR90 in the 2024 CAD data was calculated separately for all eligible capped properties and for all deemed capped properties. In other words, the CAD data method yielded the amount of value removed from the tax roll as calculated by the CADs, certified on the appraisal roll, and submitted to the Texas Comptroller.

Calculated Data Method — Using the 2024 CAD data, the sum of lost value for all eligible capped properties and, separately, for all deemed capped properties according to the formula prescribed by the Texas Comptroller for calculating field AJR90 (shown immediately above). [9]

Tax Shift Calculations

The mechanism by which the county property tax burden was shifted from capped properties to uncapped properties under the appraisal cap is explained in Appendix E. The shift of the tax burden was calculated in a revenue-neutral manner and only for the property taxes levied by Collin, Harris, Midland, Moore, and Smith counties. The shift was not calculated for the property taxes levied by the school districts, cities, and special purpose districts within the five counties (of which there were 731 in total).

Overview of Results

In 2024, a total of $4.2 billion of property value was removed from property tax rolls in Collin, Harris, Midland, Moore, and Smith counties as a result of the appraisal cap. However, the appraisal cap was relatively small in operation. The $4.2 billion of value removed represents only 0.4% of the total taxable value that would have been on the tax rolls in the five counties in the absence of the 20% appraisal cap.

See the appendices for more detailed results for each county as follows: Collin County (Appendix G), Harris County (Appendix H), Midland County (Appendix I), Moore County (Appendix J), and Smith County (Appendix K).

Value Removed

Table 2 shows the value removed from the appraisal rolls for total capped properties in each of the five counties. This value was removed from the appraisal rolls of all of the taxing units within the five counties, not only the appraisal rolls of the counties themselves. See “School Districts, Cities, and Special Districts” on Page 22.

Table 2 also shows the taxable value of property remaining on the tax roll for total capped properties and uncapped properties in each county.

The total value column shows the taxable value that would have been on the appraisal rolls of the five counties in the absence of the 20% appraisal cap.

The last column shows the percentage of the value removed from the tax rolls by the appraisal cap.

Table 2 — Impact on Tax Rolls of the 20% Appraisal Cap

County	Properties	Value Removed from Tax Roll by 20% Cap	Taxable Value Remaining on Tax Roll	Value Removed + Value Remaining = Total Value	Value Removed as % of Total Value
Collin	Total Capped	$ 409,785,333	$ 4,405,696,039	$ 4,815,481,372	8.51%
	Uncapped	$ -	$ 260,584,935,196	$ 260,584,935,196	0%
	TOTAL	**$ 409,785,333**	**$ 264,990,631,235**	**$ 265,400,416,568**	**0.15%**
Harris	Total Capped	$ 2,467,490,156	$ 20,834,566,903	$ 23,302,057,059	10.59%
	Uncapped	$ -	$ 654,694,705,811	$ 654,694,705,811	0%
	TOTAL	**$ 2,467,490,156**	**$ 675,529,272,714**	**$ 677,996,762,870**	**0.36%**
Midland	Total Capped	$ 662,103,541	$ 2,154,963,111	$ 2,817,066,652	23.50%
	Uncapped	$ -	$ 57,997,183,684	$ 57,997,183,684	0%
	TOTAL	**$ 662,103,541**	**$ 60,152,146,795**	**$ 60,814,250,336**	**1.09%**
Moore	Total Capped	$ 13,349,778	$ 124,670,895	$ 138,020,673	9.67%
	Uncapped	$ -	$ 3,089,078,349	$ 3,089,078,349	0%
	TOTAL	**$ 13,349,778**	**$ 3,213,749,244**	**$ 3,227,099,022**	**0.41%**
Smith	Total Capped	$ 692,191,839	$ 3,143,687,082	$ 3,835,878,921	18.05%
	Uncapped	$ -	$ 29,539,211,661	$ 29,539,211,661	0%
	TOTAL	**$ 692,191,839**	**$ 32,682,898,743**	**$ 33,375,090,582**	**2.07%**
	Grand Total	**$ 4,244,920,647**	**$1,036,568,698,731**	**$ 1,040,813,619,378**	**0.4%**

Understatement of Lost Value

Less value was removed from the appraisal rolls in the five counties than should have been removed, according to the statute's prescribed formula. If a property met the eligibility criteria for the appraisal cap specified by statute (see Appendix C), the Texas Comptroller's instructions for the format of electronic appraisal rolls directed CADs to calculate the value lost to the appraisal cap by this formula and to enter the amount of lost value in field AJR90: [10]

2024 Lost Value = Market Value 2024 - 1.20 * Market Value 2023 - New Construction Value

The Comptroller's instructions were consistent with the statute, but did not specify the field numbers from the electronic appraisal roll to be used in the formula. [11] However, the amount of value removed from the appraisal roll for a property was the amount entered in field AJR90, regardless of the result of the prescribed formula or the fields used in the formula. Consequently, CADs could remove a value from the appraisal roll for an eligible property that was different from the value consistent with the prescribed formula.

As explained in the section labeled Methodology on Page 8, the lost value due to the 20% appraisal cap was calculated in two ways — the CAD and the calculated data methods. The CAD data method — the sum of field AJR90 for all capped properties — represents the CAD's calculation of lost value and the value actually removed from the tax rolls. The calculated data method represents the amount that should have been removed from the tax rolls according to the formula provided by the Comptroller. Table 3 shows the lost value determined by the CAD data method, the lost value determined by the calculated data method, and the overstatement or understatement of lost value for each county.

Table 3 — Lost Value per CAD Data Method and Calculated Data Method

County	Properties	# Properties	Lost Value per CAD Data Method	Lost Value per Calculated Data Method	Overstatement (Understatement) of Lost Value	Overstatement (Understatement) %
Collin	Eligible Capped	11,296	$ 383,642,250	$ 624,347,932	$ (240,705,682)	(62.7%)
	Deemed Capped	506	$ 26,143,083	$ 41,372,078	$ (15,228,995)	(58.3%)
	TOTAL	**11,802**	**$ 409,785,333**	**$ 665,720,010**	**$ (255,934,677)**	(62.5%)
Harris	Eligible Capped	44,767	$ 1,504,393,539	$ 1,682,445,585	$ (178,052,046)	(11.8%)
	Deemed Capped	12,066	$ 963,096,617	$ 1,238,889,303	$ (275,792,686)	(28.6%)
	TOTAL	**56,833**	**$ 2,467,490,156**	**$ 2,921,334,888**	**$ (453,844,732)**	(18.4%)
Midland	Eligible Capped	48,273	$ 571,868,010	720,959,968	$ (149,091,958)	(26.1%)
	Deemed Capped	2,906	$ 90,235,531	$ 103,693,367	$ (13,457,836)	(14.9%)
	TOTAL	**51,179**	**$ 662,103,541**	**$ 824,653,335**	**$ (162,549,794)**	(24.6%)
Moore	Eligible Capped	1,326	$ 12,192,399	15,010,091	$ (2,817,692)	(23.1%)
	Deemed Capped	251	$ 1,157,379	$ 1,221,256	$ (63,877)	(5.5%)
	TOTAL	**1,577**	**$ 13,349,778**	**$ 16,231,347**	**$ (2,881,569)**	(21.6%)
Smith	Eligible Capped	11,305	$ 472,317,951	526,398,631	$ (54,080,680)	(11.5%)
	Deemed Capped	4,688	$ 219,873,888	$ 214,897,876	$ 4,976,012	2.3%
	TOTAL	**15,993**	**$ 692,191,839**	**$ 741,296,507**	**$ (49,104,668)**	(7.1%)
	GRAND TOTAL	**137,384**	**$ 4,244,920,647**	**$ 5,169,236,087**	**$ (924,315,440)**	**(21.8%)**

As detailed in Table 2, the amount of lost value for total capped properties in all five counties, according to the CAD data method, was $4.2 billion. The calculated data method implies that an additional $924 million, or 21.8%, of value should have been removed if deemed capped properties were indeed eligible for the cap. (See "Application to Properties of Doubtful Eligibility" on the next page.)

In all counties except Harris, the understatement of lost value was more significant for eligible capped properties than for deemed capped properties. Additionally, all five counties understated the lost value for both eligible and deemed capped properties, with one exception. Smith County overstated the lost value for deemed capped properties by 2.3%, according to the calculated data methodology.

The difference between lost value under the CAD and calculated data methods may be attributable to a few factors:

- In some instances, the CAD data lost value field (AJR90) had a value of zero for property eligible for the cap, according to the statutory criteria and the fields in the CAD data that evidence the eligibility criteria. Thus, it is possible that the CADs did not apply the 20% appraisal cap to properties that were eligible for the cap. For example, the CAD data for Harris County showed no lost value in AJR90 for any oil and gas properties (category G1) that were eligible for the cap on the face of the CAD data; the calculated data method found $89.4 million of lost value for those properties. See Appendix H for more information.
- In other instances, the lost value reported by the CAD in AJR 90 differed from the lost value determined using the calculated data method, suggesting that the CAD either made an error in calculating lost value in field AJR90 or used a formula that differed from the formula in the calculated data method. The formula for the calculated data method was:

$$\text{Lost Value 2024} = (\text{AJR35} + \text{AJR36} + \text{AJR37}) - (1.2 \times \text{AJR33}) - \text{AJR19}$$

Application to Properties of Doubtful Eligibility

The appraisal cap was applied to some properties that did not meet the statutory eligibility criteria according to the information in the CAD data (see Appendix C). In addition, the cap was applied to properties for which the CAD data lacked information or contained incorrect information necessary to determine eligibility for the appraisal cap or the amount of lost value. These properties were categorized as deemed capped properties in this study (see the explanation of deemed capped properties under "Methodology" on Page 8).

For example, Collin and Moore included mobile homes in deemed capped properties, removing $13.3 million and $220,487 in value from the appraisal rolls, respectively. See Appendix G and Appendix J. Each county's deemed capped properties are detailed by number and category in the tables in Appendix G through Appendix K.

The lost value for deemed capped properties in the five counties is summarized in Table 4. The total taxable value removed from the appraisal rolls for deemed capped properties in the five counties equaled $1.30 billion, per the CAD data, constituting 30.6% of the total $4.2 billion removed (see Table 3). This indicates that 30.6% of the value lost to the appraisal cap in the five counties was for properties of doubtful eligibility.

Table 4 — Lost Value per CAD and Calculated Data Methods for Deemed Capped Properties

County	# Properties	Lost Value per CAD Data Method	Lost Value per Calculated Data Method
Collin	506	$ 26,143,083	$ 41,372,078
Harris	12,066	$ 963,096,617	$ 1,238,889,303
Midland	2,906	$ 90,235,531	$ 103,693,367
Moore	251	$ 1,157,379	$ 1,221,256
Smith	4,688	$ 219,873,888	$ 214,897,876
TOTAL	**20,417**	**$ 1,300,506,498**	**$ 1,600,073,880**

Higher County Tax Rates

In 2024, the 20% appraisal cap resulted in a higher tax rate in each of the five counties examined, compared to what would have been necessary to raise the same amount of tax revenue (i.e., revenue-neutral) had the appraisal cap not been enacted. When property value is removed from the appraisal roll of a taxing unit via an appraisal cap, Texas law permits the taxing unit to increase tax rates to compensate for the smaller tax base. See Appendix E for a thorough explanation of this mechanism.

Tables 5 and 6 show the increase in the no-new-revenue tax rate (NNRTR) and the voter-approval tax rate (VATR) that resulted from the 20% appraisal cap. See Appendix E for the calculations.

Table 5 — 2024 No-New-Revenue Tax Rates for the Five Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap	Increase Resulting from 20% Cap
Collin	0.140481	0.140206	**0.000275**
Harris	0.35176	0.35042	**0.001340**
Midland	0.121833	0.120420	**0.001413**
Moore	0.464238	0.462154	**0.002084**
Smith	0.331638	0.321841	**0.009797**

Table 6 — 2024 Voter-Approval Tax Rates for the Five Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap	Increase Resulting from 20% Cap
Collin	0.147969	0.147683	**0.000286**
Harris	0.38529	0.38381	**0.001480**
Midland	0.288851	0.285511	**0.003340**
Moore	0.481593	0.479435	**0.002158**
Smith	0.491919	0.477449	**0.014470**

Table 7 shows the increase in the 2024 adopted tax rate of each county that was necessary to compensate for the loss of revenue caused by the appraisal cap. The increase in adopted tax rates shown in the far-right column was a direct result of the 20% appraisal cap. See Appendix E for the calculations.

Table 7 — Increase in 2024 Adopted Tax Rate Resulting From the 20% Appraisal Cap

	ACTUAL 2024			HYPOTHETICAL 2024		
County	2024 Tax Levy	Taxable Value With 20% Cap	Adopted Tax Rate	Taxable Value Without 20% Cap	Tax Rate to Generate Same 2024 Tax Levy	Increase in Adopted Tax Rate Resulting from 20% Cap
Collin	$ 326,273,773	$ 218,472,759,145	0.149343	$ 218,882,544,478	0.149063	**0.000280**
Harris	$ 2,539,739,638	$ 659,176,110,997	0.38529	$ 661,643,601,153	0.38385	**0.001440**
Midland	$ 75,958,486	$ 57,728,425,974	0.131579	$ 58,390,529,515	0.130087	**0.001492**
Moore	$ 14,365,020	$ 2,982,813,224	0.481593	$ 2,996,163,002	0.479447	**0.002146**
Smith	$ 85,504,307	$ 23,475,296,376	0.364231	$ 24,167,488,215	0.353798	**0.010433**

Although the increase in the NNRTR, VATR, and adopted tax rate of each county is small, that is because the value removed from the tax roll as a result of the appraisal cap was small relative to the taxable value of all property had the cap not been enacted. As shown in Table 2, only 0.4% of taxable value was removed from the tax rolls of the five counties by the 20% appraisal cap. If the appraisal cap had been lower than 20%, or if more properties had been eligible for the cap, the increase in the NNRTR, VATR, and adopted tax rate of each county would have been more significant (see Appendix F).

County Tax Shift

Assuming revenue neutrality shows that a total of $12.8 million in county property tax levies was shifted from total capped properties to uncapped properties as a result of the 20% appraisal cap. Not only did the adopted tax rate of each county rise to compensate for the revenue loss resulting from the smaller tax base, the new tax rates shifted the property tax burden to uncapped properties, including homesteads. As a result, capped properties had lower property tax levies and uncapped properties had higher property tax levies.

Table 8 shows the tax levy in 2024 on capped properties in the five counties, totaling $101.7 million. Table 8 also shows the tax levy on capped properties that would have resulted if the 20% appraisal cap had not been enacted, which totals $114.5 million. The difference of $12.8 million is the decrease in tax levies on capped properties as a result of the 20% appraisal cap.

Table 8 — Tax Decrease for Capped Properties Resulting From the 20% Appraisal Cap

	ACTUAL 2024 Capped Properties with 20% Cap			HYPOTHETICAL 2024 (No 20% Cap) Capped Properties without 20% Cap				
County	2024 Taxable Value of Capped Properties With 20% Cap	2024 Adopted Tax Rate	2024 Tax Levy on Capped Properties	Taxable Value of Capped Properties Without 20% Cap (CAD Data Method)	Tax Rate to Generate Same Total Tax Levy in 2024	Hypothetical Tax Levy on Capped Properties	Increase (Decrease) in Tax Levy on Capped Properties Resulting from 20% Cap	%
Collin	$ 4,405,696,039	0.149343	$ 6,579,599	$ 4,815,481,372	0.149063	$ 7,178,101	$ (598,502)	(8.3%)
Harris	$ 20,834,566,903	0.385290	$ 80,273,503	$ 23,302,057,059	0.383850	$ 89,444,946	$ (9,171,443)	(10.3%)
Midland	$ 2,154,963,111	0.131579	$ 2,835,479	$ 2,817,066,652	0.130087	$ 3,664,637	$ (829,159)	(22.6%)
Moore*	$ 124,670,895	0.481593	$ 600,406	$ 138,020,673	0.479447	$ 661,736	$ (61,330)	(9.3%)
Smith	$ 3,143,687,082	0.364231	$ 11,450,283	$ 3,835,878,921	0.353798	$ 13,571,263	$ (2,120,980)	(15.6%)
TOTAL			$ 101,739,270			$ 114,520,655	$ (12,781,386)	(11.2%)

Table 9 shows the tax levy in 2024 on uncapped properties in the five counties, which totals $3.11 billion. Table 9 also shows the tax levy on uncapped properties that would have resulted if the 20% appraisal cap had not been enacted, totaling $3.096 billion. The difference of $14.2 million is the increase in tax levies on uncapped properties as a result of the 20% appraisal cap.

Table 9 — Tax Increase for Uncapped Properties Resulting From the Appraisal Cap

	ACTUAL 2024 Uncapped Properties			HYPOTHETICAL 2024 (No 20% Cap) Uncapped Properties				
County	2024 Taxable Value of Uncapped Properties	2024 Adopted Tax Rate	2024 Tax Levy on Uncapped Properties	2024 Taxable Value of Uncapped Properties	Tax Rate to Generate Same Total Tax Levy in 2024	Hypothetical Tax Levy on Uncapped Properties	Increase (Decrease) in Tax Levy on Uncapped Properties Resulting from 20% Cap	%
Collin	$ 260,584,935,196	0.149343	$ 389,165,360	$260,584,935,196	0.149063	$ 388,435,722	$ 729,638	0.2%
Harris	$ 654,694,705,811	0.385290	$ 2,522,473,232	$654,694,705,811	0.383850	$ 2,513,045,628	$ 9,427,604	0.4%
Midland	$ 57,997,183,684	0.131579	$ 76,312,114	$ 57,997,183,684	0.130087	$ 75,446,796	$ 865,318	1.1%
Moore*	$ 3,089,078,349	0.481593	$ 14,876,785	$ 3,089,078,349	0.479447	$ 14,810,493	$ 66,292	0.4%
Smith	$ 29,539,211,661	0.364231	$ 107,590,966	$ 29,539,211,661	0.353798	$ 104,509,140	$ 3,081,826	2.9%
TOTAL			$3,110,418,457			$3,096,247,200	$ 14,171,257	0.5%

Although the tax shift to uncapped properties was relatively small, constituting only a 0.5% tax increase across the five counties, that is because the value removed from the tax roll as a result of the appraisal cap was small relative to the taxable value of all property had the cap not been enacted. As shown in Table 2, only 0.4% of taxable value was removed from the tax rolls of the five counties by the 20% appraisal cap. If the appraisal cap had been lower than 20%, or if more properties had been eligible for the

cap, the tax decrease on capped properties and the tax increase on uncapped properties in each county would have been more significant (see the section on the hypothetical effect of a 10% appraisal cap below and Appendix F for more information.)

County Tax Increase

A revenue-neutral analysis found that the 20% appraisal cap resulted in higher property tax levies on the median home value as well as higher property tax levies overall in each of the five counties.

Table 10 shows the median home value in each county, and the actual 2024 tax levy on that home, compared to the lower tax rate that would have applied had the 20% appraisal cap not been enacted.

Table 10 — 2024 Tax Increases Based on Median Home Value

		ACTUAL 2024		HYPOTHETICAL 2024		
County	2024 Median Home Value	Adopted Tax Rate	Tax Levy on Median Home Value	Tax Rate Without 20% Cap	Tax Levy on Median Home Value	Tax Increase for Median Home Value Resulting from 20% Cap
Collin	$485,000	0.149343	$ 724.31	0.149063	$ 722.96	**$1.36**
Harris	$315,000	0.38529	$ 1,213.66	0.38385	$ 1,209.13	**$4.54**
Midland	$355,900	0.131579	$ 468.29	0.130087	$ 462.98	**$5.31**
Moore	$193,450	0.481593	$ 931.64	0.479447	$ 927.49	**$4.15**
Smith	$297,900	0.364231	$ 1,085.04	0.353798	$ 1,053.96	**$31.08**

Although the tax increase on the median home value was relatively small, that is because the value removed from the tax roll as a result of the 20% appraisal cap was small relative to the taxable value of all property if the cap had not been enacted. As shown in Table 2, only 0.4% of taxable value was removed from the tax rolls of the five counties by the 20% appraisal cap. If the appraisal cap had been lower than 20%, or if more properties had been eligible for the cap, the tax increase on the median home value in each county would have been more significant. (See “Effect of a 10% Cap” on Page 19 and in Appendix F.)

The appraisal cap likely resulted in higher taxes overall. Although capped properties had a tax decrease of $12.8 million, uncapped properties had a tax increase of $14.2 million. Netting the two numbers yields an overall tax increase of $1.4 million. See Table 8 and Table 9.

Winners and Losers

The 20% appraisal cap affected the tax base by removing taxable property value from the appraisal roll, leading to a complicated mix of winners and losers based on a

number of factors. The impact varied across property types, some benefiting from the cap while others likely faced a higher tax burden immediately and in the future. While it is apparent that capped properties benefited and uncapped properties lost under the appraisal cap (see Table 8 and Table 9), the distribution of benefit across property types varied among the counties:

- Many single-family homes were subject to the appraisal cap, specifically single-family homes that were not homesteads. In some counties, such as Harris and Smith, these properties accounted for a significant portion of the value removed from the tax roll — in Harris, 26.5% of eligible and 15.1% of deemed capped properties; and in Smith, 39.9% of eligible and 29.2% of deemed capped properties. See Appendix H and Appendix K.
- Commercial, manufacturing, and industrial properties saw substantial reductions in taxable value in most counties, especially in Collin (33.0% of eligible and 23.5% of deemed capped properties) and in Harris (34.8% of eligible and 46.3% of deemed capped properties). See Appendix G and Appendix H.
- Vacant lots and rural land benefited in certain counties, such as Collin, where vacant lots constituted 16.4% of the value removed from eligible capped properties and 2.6% of deemed capped properties. See Appendix G.
- In Midland County, most of the value removed from the tax roll was for oil and gas properties: 80.9% of eligible Capped and 44.9% of deemed capped properties. See Appendix I.

The principal beneficiaries of the cap in each county also differed:

- In Collin County, commercial, manufacturing, and industrial properties (33.0% of eligible and 23.5% of deemed capped properties), single-family homes (29.8% of eligible and 19.9% of deemed capped properties), and vacant lots (16.4% of eligible and 2.6% of deemed capped properties) were the largest beneficiaries of the cap. Although ineligible according to the CAD data, mobile homes also benefited significantly from the appraisal cap in Collin County (51% of deemed capped properties). See Appendix G.
- In Harris County, commercial, manufacturing, and industrial properties (34.8% of eligible and 46.3% of deemed capped properties), vacant lots (28.6% of eligible and 22.6% of deemed capped properties), and single-family homes (26.5% of eligible and 15.1% of deemed capped properties) were the largest beneficiaries of the cap. See Appendix H.
- In Midland County, oil and gas properties (80.9% of eligible and 44.9% of deemed capped properties) and commercial, manufacturing, and industrial properties (15.3% of eligible and 32.6% of deemed capped properties) were the largest beneficiaries of the cap. See Appendix I.
- In Moore County, commercial, manufacturing, and industrial properties (58.0% of eligible and 44.8% of deemed capped properties) and oil and gas properties (17.6% of eligible capped properties) were the largest beneficiaries of the cap.

Although ineligible according to the CAD data, mobile homes benefitted significantly from the appraisal cap (19.1% of deemed capped properties). See Appendix J.

- In Smith County, single-family and multi-family homes (together, 48.8% of eligible and 37% of deemed capped properties) and commercial, manufacturing, and industrial properties (36.9% of eligible and 43.8% of deemed capped properties) were the largest beneficiaries of the cap. See Appendix K.

Homesteads were among the losers under the 20% appraisal cap. Although homesteads benefitted from a 10% appraisal cap as well as a homestead exemption in 2024, the higher tax rates resulting from the appraisal cap were imposed on homestead property remaining on the tax roll.

Effect of a 10% Cap

If the appraisal cap had been 10% instead of 20%, a significantly larger amount of property value would have been removed from the appraisal rolls in 2024, leading to even higher tax rates and an even greater shift in the tax burden. To estimate the impact of such a change, the process for the 20% cap was repeated and adjusted to account for a 10% cap. The methodology and results are detailed in Appendix F.

Lowering the appraisal cap to 10% would have significantly expanded the number of properties receiving tax relief, removing a much larger amount of taxable value from the appraisal roll. Table 11 shows the number of properties eligible for the appraisal cap (total capped properties) in 2024 in the five counties and the lost value for those properties according to the CAD data method and the calculated data method.

Table 11 — Number of Properties and Lost Value Under 20% Appraisal Cap in 2024

County	# Properties	Lost Value CAD Data	Lost Value Calculated Data
Collin	11,802	$ 409,785,333	$ 665,720,010
Harris	56,833	$ 2,467,490,156	$ 2,921,334,888
Midland	51,179	$ 662,103,541	$ 824,653,335
Moore	1,577	$ 13,349,778	$ 16,231,347
Smith	15,993	$ 692,191,839	$ 741,296,507
Total	**137,384**	**$ 4,244,920,647**	**$ 5,169,236,087**

Table 12 shows the total number of eligible properties in 2024 if the cap had been 10% instead of 20% in the five counties. The figures in Table 12 are inclusive of the figures in Table 11.

Table 12 — Number of Properties and Lost Value if Appraisal Cap Had Been 10% in 2024

County	# Properties		Lost Value Calculated Data
Collin	26,251	$	2,788,205,517
Harris	75,422	$	4,355,201,667
Midland	141,079	$	3,423,654,729
Moore	3,153	$	42,396,363
Smith	23,051	$	1,338,220,512
Total	**268,956**	**$**	**11,947,678,788**

Table 13 shows the increase in eligible properties in the five counties and the lost value that would have occurred if the appraisal cap had been 10% instead of 20% in 2024. A 10% appraisal cap would have resulted in a 96% increase in the number of eligible properties and an increase in lost value in the 131% to 181% range. The increase in the number of eligible properties and lost value would have varied significantly among the five counties, with Collin and Midland counties experiencing the most significant increase in eligible properties and lost value and Harris County experiencing the least increase.

Table 13 — Increase in Number of Properties and Lost Value if Appraisal Cap Had Been 10% in 2024

County	# Properties	% Incr	Lost Value 10% Calc Data *minus* 20% CAD Data		% Incr	Lost Value 10% Calc Data *minus* 20% Calc Data		% Incr
Collin	14,449	122%	$	2,378,420,184	580%	$	2,122,485,507	319%
Harris	18,589	33%	$	1,887,711,511	77%	$	1,433,866,779	49%
Midland	89,900	176%	$	2,761,551,188	417%	$	2,599,001,394	315%
Moore	1,576	100%	$	29,046,585	218%	$	26,165,016	161%
Smith	7,058	44%	$	646,028,673	93%	$	596,924,005	81%
Total	**131,572**	**96%**	**$**	**7,702,758,141**	**181%**	**$**	**6,778,442,701**	**131%**

The increase in the number of eligible properties and lost value that would have resulted under a 10% appraisal cap would also have resulted in higher tax rates and intensified the shift in tax burden from capped properties to uncapped properties.

Specifically, this analysis determined that a 10% appraisal cap would have resulted in a higher no-new-revenue tax rate (NNRTR) and voter-approval tax rate (VATR) in each of five counties, compared to the 20% appraisal cap or no appraisal cap. Tables 13-1 and 13-2 show that a 10% cap would have resulted in NNRTRs and VATRs that were 0.7% to 6.4% higher in the five counties, compared to no cap.

Table 13-1 — 2024 No-New-Revenue Tax Rates

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 No Cap	With 10% Cap	Increase Resulting from 10% Cap Compared to No Cap	%
Collin	0.140481	0.140206	0.142097	**0.001891**	**1.3%**
Harris	0.35176	0.35042	0.35280	**0.002380**	**0.7%**
Midland	0.121833	0.120420	0.128099	**0.007679**	**6.4%**
Moore	0.464238	0.462154	0.468838	**0.006684**	**1.4%**
Smith	0.331638	0.321841	0.341337	**0.019497**	**6.1%**

Table 13-2 — 2024 Voter-Approval Tax Rates

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 No Cap	With 10% Cap	Increase Resulting from 10% Cap Compared to No Cap	%
Collin	0.147969	0.147683	0.149649	**0.001966**	**1.3%**
Harris	0.38529	0.38381	0.38641	**0.002600**	**0.7%**
Midland	0.288851	0.285511	0.303685	**0.018174**	**6.4%**
Moore	0.481593	0.479435	0.486365	**0.006930**	**1.4%**
Smith	0.491919	0.477449	0.506238	**0.028789**	**6.0%**

Assuming revenue-neutrality (using the same methodology explained in Appendix E for the 20% appraisal cap), a 10% appraisal cap would have required the five counties to levy a higher adopted tax rate than was required under the 20% cap or if there were no appraisal cap. Table 13-3 shows that a 10% cap would have required a 0.7% to 6.2% increase in the adopted tax rate in the five counties to raise the same amount of property tax revenue as they raised in 2024, compared to no cap.

Table 13-3 — 2024 Adopted Tax Rates

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 No Cap	With 10% Cap	Increase Resulting from 10% Cap Compared to No Cap	%
Collin	0.149343	0.149063	0.150986	**0.001923**	**1.3%**
Harris	0.38529	0.38385	0.38639	**0.002540**	**0.7%**
Midland	0.131579	0.130087	0.138190	**0.008103**	**6.2%**
Moore	0.481593	0.479447	0.486329	**0.006882**	**1.4%**
Smith	0.364231	0.353798	0.374538	**0.020740**	**5.9%**

The higher adopted tax rate that would be necessary with a 10% appraisal cap would increase the tax burden on all uncapped property, including homesteads and other residential property. Table 13-4 shows, for each county, the median home value and the tax levy on the median home value with no cap, a 20% cap or a 10% cap. With a 10% appraisal cap in 2024, the county property tax levy on the median home value would been $8.00 to $61.78 (0.7% to 6.2%) greater than if there had been no cap.

Table 13-4 — 2024 County Property Tax on Median Home Value

		No Cap in 2024		Actual 2024 (20% Cap)				10% Cap in 2024			
County	2024 Median Home Value	Tax Rate with No Cap	Tax Levy on Median Home Value	Adopted Tax Rate	Tax Levy on Median Home Value	Increase in Tax Levy compared to No Cap	%	Tax Rate with 10%Cap	Tax Levy on Median Home Value	Increase in Tax Levy compared to No Cap	%
Collin	$ 485,000	0.149063	$ 722.96	0.149343	$ 724.31	$ 1.36	0.2%	0.150986	$ 732.28	$ 9.33	1.3%
Harris	$ 315,000	0.38385	$ 1,209.13	0.38529	$ 1,213.66	$ 4.54	0.4%	0.38639	$ 1,217.13	$ 8.00	0.7%
Midland	$ 355,900	0.130087	$ 462.98	0.131579	$ 468.29	$ 5.31	1.1%	0.138190	$ 491.82	$ 28.84	6.2%
Moore	$ 193,450	0.479447	$ 927.49	0.481593	$ 931.64	$ 4.15	0.4%	0.486329	$ 940.80	$ 13.31	1.4%
Smith	$ 297,900	0.353798	$ 1,053.96	0.364231	$ 1,085.04	$ 31.08	2.9%	0.374538	$ 1,115.75	$ 61.78	5.9%

School Districts, Cities, and Special Districts

The appraisal cap applied not only to counties but also to all other local taxing units in Texas (taxing units are local government entities allowed to levy taxes on properties within their jurisdiction in order to fund public services). [12] Consequently, the $4.2 billion of value removed from the tax rolls of the five counties (see Table 3) was also removed from the tax rolls of all taxing units within the five counties, including school districts, cities, and special districts such as community college districts and hospital districts. The tax shift explained above and in Appendix E also occurred in those taxing units, but the shift was not calculated because the taxing units are too numerous. The five counties in the study contain 736 taxing units, including the counties themselves, as follows: Collin — 76; Harris — 616; Midland — 8; Moore — 12; and Smith — 24. Accurately quantifying the tax shift would require a manual recalculation of tax rate worksheets for each taxing unit, like the recalculation of the worksheets for the counties at the end of Appendix E.

Conclusion

In 2024, the appraisal cap implemented in Texas under Tax Code § 23.231 aimed to limit the growth of the taxable values of specific real properties. The 20% cap applied to real property with a market value of $5 million or less, excluding homesteads and open-space land, if ownership remained the same from Jan. 1, 2023, to Jan. 1, 2024. However, the new law faced critical challenges and unintended consequences during the first year of its implementation.

In 2024, a total of $4.2 billion of property value was removed from the property tax rolls in Collin, Harris, Midland, Moore, and Smith counties as a result of the appraisal cap. However, the appraisal cap was relatively small in operation since the value removed was only 0.4% of the total taxable value that would have been on these tax rolls in the absence of the 20% appraisal cap (see Table 2). This value was also removed from the tax rolls of the school districts, cities, and special districts within the five counties.

One significant issue identified was the inconsistent application of the cap across counties. This analysis identified the following ways that the cap was implemented in a manner that appeared to be inconsistent with Tax Code § 23.231:

- The CADs for the five counties removed $924 million less value from the appraisal rolls than the statute and the Comptroller's formula for calculating lost value implied. This constituted a 21.8% understatement of lost value (see Table 3).
- In some instances, the CAD did not apply the 20% appraisal cap to properties that, on the face of the CAD data, appeared to be eligible for the cap.
- In other instances, the CAD reported lost value that was less than the lost value calculated in this study, according to the formula prescribed by the Comptroller. These differences imply that the CAD either made mathematical errors or interpreted the prescribed formula differently.
- The CADs for the five counties sometimes applied the appraisal cap to properties that appeared to be ineligible for the cap, according to the statutory criteria and the CAD data. Approximately $1.3 billion in property value was removed from the appraisal rolls of the five counties for these properties (see Table 4).
- In various instances among the five counties, the appraisal cap was applied to homesteads, mobile homes classified as personal property, property that had different owners on Jan. 1, 2023 and Jan. 1, 2024, and property with a market value over $5 million — despite these types of properties being ineligible for the cap.

In addition, the 20% appraisal cap led to higher tax rates in all five counties due to the operation of Texas law, which allows taxing units to raise tax rates in order to maintain the desired level of tax revenue. This study shows that the cap resulted in slight increases in the NNRTR and VATR (see Tables 5 and 6). In addition, the study shows that the appraisal cap resulted in slightly higher adopted tax rates across all five counties than would have been necessary to raise the same amount of tax revenue in the absence of the appraisal cap (see Table 7).

While the appraisal cap resulted in a tax decrease of $12.8 million for capped properties in the five counties, it shifted that burden to uncapped properties, including homesteads. Uncapped properties paid $14.2 million more in property tax than they would have paid in the absence of the appraisal cap. Netting the tax decrease of $12.8 million for capped properties and the tax increase of $14.2 million for uncapped

properties yielded an overall tax increase of $1.4 million in the five counties as shown in Tables 8 and 9. The tax increase on the median home value in 2024 was real, though relatively small, ranging from $1.36 in Collin County to $31.08 in Smith County (see Table 10).

The economic literature suggests that appraisal caps impose economic costs by restricting the growth of taxable values, distorting property tax burdens, and shifting financial responsibility from capped properties to uncapped ones. Our analysis demonstrated these effects from the 20% appraisal cap in Texas.

If the end goal is to ensure a fair and efficient property tax system, the challenges associated with consistently applying an appraisal cap policy, along with its broader economic impacts, highlight the need for a thorough evaluation of its application and total economic impact before extending it in future years.

Appendix A — Property Tax Limitations in the United States

Mechanisms to limit state and local property taxes in the United States are widespread and take three forms: assessment limits, rate limits, and levy limits. Forty-seven states have state or local limitations that fall into at least one of these categories. Table 14 shows the use of different property tax limitation mechanisms by state. Among the states with property tax limitations, only 18 states implement assessment limits, also known as appraisal caps. More states have rate or levy limitations than appraisal caps, and some states have more than one type of property tax limitation. [13]

Table 14 — List of States and Property Tax Limitation Mechanisms

State	Assessment / Appraisal Limit	Rate Limit	Levy Limit
Alabama	✓	✓	✓
Alaska		✓	✓
Arizona	✓	✓	✓
Arkansas	✓	✓	✓
California	✓	✓	
Colorado		✓	✓
Connecticut	✓		✓
Delaware		✓	✓
Florida	✓	✓	
Georgia	✓	✓	
Hawaii	✓		
Idaho		✓	✓
Illinois		✓	✓
Indiana		✓	✓
Iowa	✓	✓	✓
Kansas			
Kentucky		✓	
Louisiana	✓	✓	✓
Maine			✓
Maryland	✓		
Massachusetts		✓	✓
Michigan	✓	✓	✓
Minnesota			✓
Mississippi			✓
Missouri		✓	✓
Total	**12**	**18**	**18**

State	Assessment / Appraisal Limit	Rate Limit	Levy Limit
Montana		✓	✓
Nebraska		✓	✓
Nevada		✓	✓
New Hampshire			
New Jersey			✓
New Mexico	✓	✓	✓
New York	✓		✓
North Carolina		✓	
North Dakota		✓	✓
Ohio		✓	✓
Oklahoma	✓	✓	
Oregon	✓	✓	
Pennsylvania		✓	✓
Rhode Island			✓
South Carolina	✓	✓	
South Dakota		✓	✓
Tennessee			
Texas	✓	✓	✓
Utah		✓	
Vermont			
Virginia			✓
Washington		✓	✓
West Virginia		✓	✓
Wisconsin			✓
Wyoming		✓	
Total	**6**	**17**	**16**

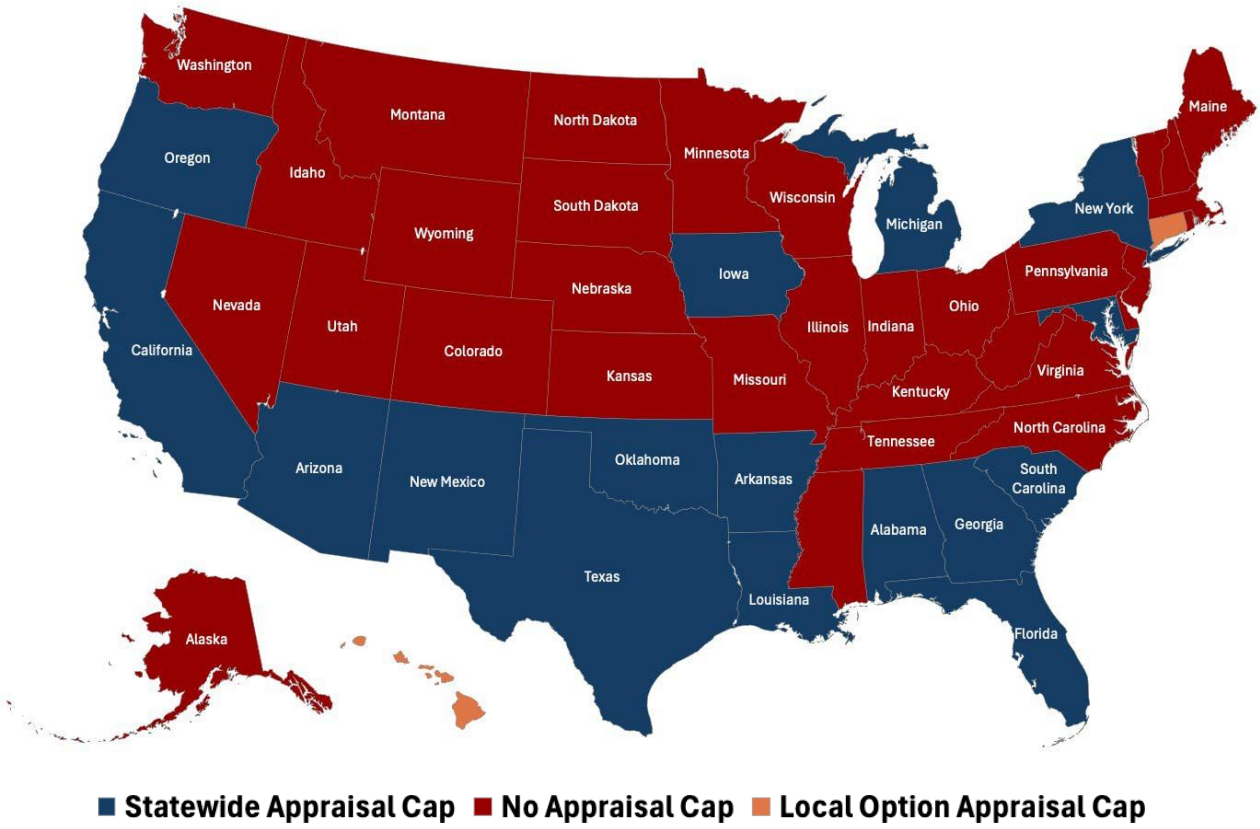
Appraisal Caps Across the States

According to a chronicle of property tax limitations published by the Lincoln Institute of Land Policy, states began imposing legal limits on property taxation in the late 1800s, initially restricting tax rates for certain local governments.

In the 20th century, these limitations expanded to include restrictions on property tax levy growth. The Great Depression sparked tax protests in the 1930s, leading to widespread tax-reducing measures. By 1950, most states had implemented some form of property tax limitation, and by the latter half of the 20th century, state-imposed property tax limitations surged, peaking in the 1970s. [14]

The property tax systems of 18 states utilize appraisal caps in some form. The most recent were enacted in Texas, Georgia, and Alabama in 2023 and 2024 (see Figure 2 and Table 15).

Figure 2 — Map of Appraisal Cap Laws of the States



Source: Authors' summary of state appraisal cap laws.

Variations in Appraisal Cap Laws Across States

Laws vary from state to state on almost every aspect of appraisal cap operation. One such aspect is the value growth permitted annually or over several years. Most appraisal caps fall within the 2% to 10% range annually, with a low of 0% (a value freeze) for age 65+ and disabled homeowners in Louisiana to a high of 20% under the Texas law enacted in 2023.[15] Eligibility for an appraisal cap in New York is determined according to annual increases (6–8%) and total increases over five years (20–30%).[16] Similarly, eligibility for South Carolina's appraisal cap is determined over five years (15%).[17]

Eligible Properties and Change of Ownership Variations

Two other variations among the states are the categories of property subject to the cap and whether property value returns to market value when ownership changes.

For example, property value resets to market value when a property changes ownership in California but not necessarily in Oregon.[18] Property values can reset in Oregon when there is new construction, significant improvements, or disqualification from special assessment programs.[19]

Some Appraisal Cap Laws Are Local

Most appraisal cap laws operate statewide, but a few are local or an option for local governments to pursue. In Hawaii, Kauai County and Hawaii County have appraisal caps.[20] Connecticut law provides only a local option appraisal cap.[21] Georgia's new appraisal cap law operates statewide but permits local governments to opt out by March 1, 2025, an option that several school districts have adopted as of this writing.[22]

Permanent Caps vs. Time-Limited Caps

Most existing appraisal cap laws are permanent, meaning the laws are slated to continue unless repealed by a future action, but two appraisal cap laws are set to expire. The Alabama appraisal cap law enacted in 2024 expires in 2027, and the Texas law enacted in 2023 expires at the end of 2026.[23]

Table 15 — Appraisal Cap Laws of U.S. States

State	Annual % Limit		Citation	Year Enacted	Expiration Date
	Homestead	Other			
Alabama	7%	7%	Ala. Code § 40-7-2.2	2024	10/1/2027
Arizona	5%	5%	Ariz. Rev. Stat. Ann. §§ 42-13301; Ariz. Const. art. IX, § 18	2012	None
Arkansas	5%	10%	Ark. Const. amend. LXXIX, § 1	1998	None
California	Lower of inflation or 2%		Cal. Rev. & Tax. Code § 51; Cal. Const. art. 13A, § 2	1978	None
Connecticut	Local option phase-in of new, higher value		Conn. Gen. Stat. § 12-62c	1987	None
Florida	Lower of 3% or CPI	10%	Fla. Stat. § 193.155; Fla. Const. art. VII, § 4	1993	None
Georgia	Inflation	None	O.C.G.A. § 48-5-44.2(a)(2)(B); Ga. Const. amend. 1 (2024)	2024	None
Hawaii	3%	3%	Kauai County Ordinances Title III, § 5A-11A.3; Hawaii County Code § 19-53(g)-(h)	Various times	None
Iowa	3%	3% - 8%	Iowa Code § 441.21	1978	None
Louisiana	0% for 65+ or disabled owner	None	La. Const. Art VII §18	1997	None
Maryland	10%	10%	Md. Code, Tax-Prop. §§ 8-103, 9-105	1957 1975	None
Michigan	Lesser of 5% or CPI		Mich. Comp. Laws § 211.27a; M.C.L.A. Const. Art. IX, § 3	1994	None
New Mexico	3% (all residential)	None	N.M. Stat. § 7-36-21.2	2000	None
New York	8% per year or 30% over 5 years		N.Y. Real Prop. Tax Law § 1805	1981	None
Oklahoma	3%	3% - 5%	Okla. Stat tit. 68, § 2817.1; Okla. Const. art. X, § 8B	1996	None
Oregon	3%	3%	Or. Rev. Stat. § 308.146; Or. Const. art. XI, § 11	1997	None
South Carolina	15% over 5 years		S.C. Code § 12-37-3140; S.C. Const. Ann. Art. X § 6	2006	None
Texas	10%	20%	Tex. Tax Code §§ 23.23-23.231; Tex. Const. Art. VIII, § 1(n-1)	1997 2023	10%: None 20%: 12/31/2026

Source: Compiled by the authors based on publicly available information in each state.

Appendix B — Review of Economic Literature on Appraisal Caps

Generally, appraisal caps limit how much each property's assessment or appraisal value can increase in a year. Most appraisal caps specify that annual increases cannot exceed a certain percentage from the assessed value in the previous year. [24] The exact coverage and specific provision can differ across state and local jurisdictions. [25] Appraisal caps are meant to constrain the growth in tax increases driven by appreciation of property values (which can be substantial), thus protecting property owners from significant and continuous increases in property taxes.

Why Proponents Support Appraisal Caps

Supporters of appraisal caps often cite the benefits of such limits in a residential or homestead context. They argue that appraisal caps reduce the propensity for homeowners to be taxed out of their homes because their labor earnings may not have increased proportionately to their housing value. (Therefore, the tax burden increases faster than their labor earnings.) Without appraisal caps, property owners may appear to have a higher net worth on paper as property values increase; however, they have not realized capital gains. [26] Or, gains on paper may be phantom gains if they disappear before the property is sold; however, the property owner may have made years of property tax payments based on a higher valuation.

Advocates of property tax limitations therefore argue that the appraisal caps help align the growth in a taxpayer's property value with their cash flows or ability to pay. A taxpayer's ability to pay is often measured by their income level, but in terms of a sustainable tax policy, it is also important to ensure that income growth exceeds the growth of taxes overtime.

In addition, proponents argue that there is a trade-off between uniformity and predictability of property taxes. Although property tax assessments often aim to promote uniformity — or equal sharing of the tax burden — an appraisal cap may create non-uniform taxation. This is because eligibility for an appraisal cap may be conditioned on characteristics of a property unrelated to its monetary value. In Texas, for example, a property with a change in ownership in the preceding year is ineligible for an appraisal cap in the current year, while a property with no change in ownership in the same period is eligible.

However, there may be cases where strict uniformity (taxing assets in proportion to value in all circumstances) is not always the preferred outcome. [27] Specifically, taxpayers may be willing to give up some uniformity in exchange for predictability of tax payments, especially for states with annual assessment requirements, as annual assessments are more likely to produce volatility.

Negative Consequences

Appraisal caps may create economic consequences that reduce productivity, including the major issues discussed below.

Ineffective Control of Property Taxes

A common argument is that, while appraisal caps limit the appreciation of property values for tax purposes, implementing appraisal caps without other mechanisms may not reduce property owners' tax payments — especially when local taxing units can offset the decrease in revenues from appraisal caps by increasing property tax rates.[28] For this reason, limits on the revenue that taxing units can collect are a more effective way to reduce the rate of growth in property taxes.[29]

Violations of Horizontal Equity Principle

Opponents cite violations of horizontal equity as a significant problem created by appraisal caps. Horizontal equity is the idea that taxpayers who are considered equal in some respect should be treated equally. For the purposes of property tax, this would mean that taxpayers who own properties with similar values should pay similar property taxes.[30]

Appraisal caps tend to impose larger tax burdens on more recent buyers than those who have owned the property for a long time because the benefit of appraisal caps generally increases the longer a property is owned. By comparison, the change in tax burdens created by imposing a tax levy or rate limit is not correlated with the time a property is owned.

Studies of California's Proposition 13 provide evidence of how appraisal caps increase horizontal inequity. For example, they show that owners of houses with the same market values, but different transaction dates, could pay substantially different property taxes. The magnitude of the disparity (the difference in market and assessed value) depends on several factors, including the rate of increase in property values, the frequency of changes in ownership, and the rate of new construction.[31]

Generally, the disparity is the greatest in urban counties (high turnover often causes property values to appreciate faster) and the least in rural counties (low turnover tends to cause property values to appreciate more slowly).

In terms of socioeconomic groups, a general finding is that older and lower-income homeowners benefit more from appraisal caps, because they are less likely to move. These studies also find that appraisal caps can lead to lower mobility.[32] However, the magnitude of this impact is uncertain as various studies have found both small and large impacts, with substantial variations across California.[33]

Several other negative effects are linked to appraisal caps, including lock-in effects and disincentives to new development. Lock-in effects occur when property owners are reluctant to move because buying a new property allows the assessed value to reset to the market value. Thus, property owners who haven't moved recently would likely see an increase in their tax burden once they do.

California's Proposition 13 provided a natural experiment to examine lock-in effects by creating data that could be used in empirical studies. As property owners hold on to their properties, appraisal caps lead to an increasing share of property tax revenue being generated from new properties and those that have changed ownership recently. This may slow the pace of development as higher taxes reduce the return on investment and decrease demand for new developments.

Studies of Florida's "Save Our Homes" 3% appraisal cap show mixed results for lock-in effects before 2008. In 2008, Florida passed Amendment One, a constitutional amendment that allows homeowners with homestead exemptions to apply the portable amount (PA) from their old home to their new home. Studies after the implementation of the PA system found more consistent lock-in effects (Florida's appraisal cap is discussed further on Page 36). [34]

Impact on Industrial or Commercial Property

For several reasons, assessment values of non-residential properties, especially commercial or industrial properties, are often below the actual market value. This is because commercial leases are often signed for extended periods (e.g., five or more years), and it can take multiple years for the rental revenue generated by a property to reflect the lower or higher demand for commercial properties using the income-generated approach. [35]

Another argument is that after properties experience a reduction in value, the subsequent rebound in value will be limited by the appraisal cap, which can extend the time necessary for appraised value to return to the market value. [36]

Uneven Redistribution of the Tax Burden

Appraisal caps are intended to reduce the tax levy for rapidly appreciating properties and lessen the volatility created by the assessment process. Another impact of appraisal caps is that they alter the distribution of the property tax burden. However, the overall effect is complicated, and opponents of appraisal caps claim that there are many potential losers under this scenario.

Capped Versus Uncapped Properties — Another common finding is that appraisal caps redistribute the tax burden from capped to uncapped properties. They may also shift the tax burden from capped properties with rapid appreciation to those with slower growth.

Non-uniform increases in assessed values raise the relative property tax burden on more rapidly appreciating properties, which is the intent of assessment policies. However, appraisal caps may not lead to outcomes entirely consistent with this. In the case of appraisal caps on residential housing, slowly appreciating properties may end up paying more in taxes than they would without the cap and, in some cases, some residential properties that are appreciating at a rate above the cap may face a larger tax burden. [37]

Tax Rate Increases Can Offset Some Benefits of Appraisal Caps

As noted above, even properties subject to an appraisal cap may have an increased tax burden. [38] Often, local taxing units increase tax rates to compensate for the smaller tax base. The higher tax rate is applied to all properties, whether capped or uncapped. For uncapped properties, a higher tax rate raises the total taxes paid.

The increase in the tax rate offsets a portion of the benefits of a reduced tax base for properties whose assessments are capped. For lower-value properties that appreciate at a rate slightly above the assessment limit, the effect of the increase in the tax rate may outweigh the benefit of a lower assessment, causing the tax levy to increase.

Several studies examining the effects of state and local-level appraisal caps present evidence that capped properties that appreciate above the limit can still face higher taxes. For example, Minnesota's limited market value (LMV) program restricts growth in assessments of homesteads, farmland, timberland, and seasonal recreational properties. One study prepared by the Minnesota Department of Revenue showed that although the assessment limit lowered property taxes for 22% of homeowners by an average of $273 per parcel, it increased property taxes for 78% of homeowners by an average of $96 per property in 2005. In addition, 16% of the properties with a tax increase had their assessments reduced; however, their tax rate increases more than offset the benefits of a lower assessed value. [39] These consequences are some of the reasons why the state began to phase out LMV in 2002, completely phasing it out by 2009.

In addition, a study focusing on Chicago's Cook County found similar effects in 2003. After the county imposed a 7% limit on annual increases in the assessments of homestead properties, 75% of homeowners benefited from the cap by paying lower property taxes. However, the county increased the tax rate to compensate for the reduced tax base. The tax burden was shifted to commercial properties, which absorbed the largest share of additional taxes. Some homeowners with lower assessments still paid more taxes than they would without the cap, primarily because

of the increased tax rate.[40] In 2013, the county increased the homestead exemption to offset the expiration of the tax cap, which was fully phased out after 2013.[41]

The Idaho state legislature considered an appraisal cap proposal in 2005. A study explored the effects of a hypothetical residential assessment limit (from 2% to 8%) in two large counties.[42] The study concluded that, in one of the counties, over 80% of properties would have lower assessed values due to the cap. However, over 50% of these properties would pay higher taxes because higher tax rates would be needed to maintain the same level of revenue. The other county, where property value appreciated at a slower rate, experienced similar but smaller effects.

Several other studies have found similar effects, concluding that appraisal caps shift the tax burden mainly from capped to uncapped properties. However, the caps also shifted a portion of the burden from capped properties with high appreciation rates to more slowly appreciating properties.[43]

Tax Shifts to Commercial Properties — A more recent example took place in Colorado, where its Gallagher Amendment was adopted in 1983 and repealed in 2020. It was similar to an appraisal cap for residential properties, although it was designed differently. Between 1987 and 2019, Gallagher shifted $44.4 billion in property tax liability from residential to non-residential properties.[44]

Gallagher created an unusual situation in which residential properties appreciated faster relative to non-residential properties, but non-residential property tax burdens increased faster than residential property tax burdens. The shifting also occurred unevenly across the state. Less shifting was possible from residential to industrial properties for communities with relatively small industrial or commercial property tax bases (i.e., mostly residential areas). In addition, the amount of residential property value subject to taxation was driven by what was happening in other parts of the state, typically the urban cores. Under this mechanism, rural communities faced the most significant fiscal challenges, which often led to a reduction in public services.[45]

In addition to the reasons identified in the specific examples from Colorado, several other factors can influence the tax shift between residential and commercial properties. For example, the frequency at which commercial properties change ownership relative to residential properties is important. Because residential properties change hands more often than commercial properties, this transaction pattern will lead to higher assessed value increases on residential properties.[46]

All else being equal, if the same appraisal cap applies to all properties, residential and industrial, the burden will shift toward residential property over time. A mitigating factor is that commercial properties tend to pay higher local property taxes than residential properties in the U.S.[47] One reason could be that voters are more likely to support increasing property taxes on commercial properties and reducing taxes on residential

properties, and this shifts the burden of financing local public services away from residents and (at least partly) onto nonresident business owners. [48] However, this "tax exporting" effect increases the effective tax rate on businesses within communities, thus impacting location decisions made by businesses. [49]

It has been suggested that businesses should consider the share of their tax burden relative to other groups of taxpayers, such as residential property owners. Companies may view a locality as being less business friendly if the tax differential is significant. [50] Although these studies do not directly analyze appraisal cap policies (they are mostly focused on tax rate and levy limitations), they do show that one of the negative effects of shifting the tax burden to commercial properties is that a local community may be perceived as less business friendly than areas where the tax burden is shared more equally.

To sum up, appraisal caps are often ineffective at controlling property tax increases, while inviting other undesirable consequences such as treating equal situations differently, shifting the tax burden across property types, creating unintended winners and losers, increasing lock-in effects, and reducing incentives to invest in new developments. From an administrative standpoint, their complexity also diminishes transparency and accountability of the property tax system. These negative impacts of appraisal caps have led to a near consensus that an alternative mechanism to constrain property tax growth is necessary. However, there is not an unanimously agreed alternative to effectively control increases in property taxes. Some alternative mechanisms include tax rate limitations, exemptions, and spending caps. Others propose a combination of truth-in-taxation and circuit-breaker programs targeting low-income taxpayers as better policy instruments. [51]

Impairment of Progressivity

Another identified issue is the impact of appraisal caps on the progressivity of the property tax system. [52] A standard measure of progressivity in a property tax system is the assessment rate, which is defined as the ratio of assessed to market value. In the assessment literature, if higher-priced homes tend to have lower assessment rates due to assessment practices, then the property tax system is likely to be more regressive. [53] Different property tax limitation policies have different impacts on the progressivity of the property tax system, including appraisal caps.

Several factors can impact the progressivity of a tax system, including its assessment practices, property tax relief mechanisms (such as homestead exemptions and appraisal caps), and local market conditions. For example, a flat dollar homestead exemption introduces progressivity into the property tax system because the exemption amount granted under homestead rules is a higher percentage of the house value for less expensive houses compared to more expensive homes. This mitigates the regressivity from assessment practices. By comparison, appraisal caps may be

progressive or regressive, depending on local market conditions and assessment practices.

While the homestead exemption increases the progressivity of the property tax system for homestead owners, it creates non-neutrality across other types of properties by shifting a greater share of the property tax burden to commercial property owners. For example, a common argument is that businesses in Texas pay a disproportionate share of property taxes relative to homesteads. This is because the recent increases in the homestead exemption from $15,000 to $25,000 in 2015, $25,000 to $40,000 in 2021, and to $100,000 in 2023 shifted a large share of the property tax burden to businesses. [54]

For non-homestead properties, the progressivity of the property tax system is defined as the "unequal treatment of un-equals" (or vertical equity), where equality is often based on the value of business property. The system is deemed inequitable if the assessment rate (the assessed-to-market value ratio) declines as the market value of the property increases. In this case, the owners of less valuable properties pay a higher proportional tax relative to market value than owners of higher priced properties. [55] But, many factors make such a measure far less clear than for homesteads, as defining equal properties may be more complicated than simply relying on property values alone. Issues such as the treatment of inventories and other business property all play a role in determining the progressivity of the system across different property types and locations. For example, studies of urban areas with a higher concentration of commercial or industrial properties tend to show that higher-priced properties pay a higher share of property taxes. [56] For multifamily residential properties, studies show that lower valued properties were assessed at a higher proportion of market value than higher priced ones. [57] Implementing a property tax system that is widely viewed as fair is a contentious and complicated policy issue.

Effects of Property Tax Limits on Local Government Revenue

Property tax limitations (e.g., tax rate limits, tax levy limits, or assessment caps) affect local government revenue. First, these limitations restrict the ability of local taxing units to raise revenue without seeking voter approval and thus could limit the growth of local governments. Second, property tax limitations tend to shift financing methods used by local governments away from property taxes to other taxes and revenue sources. Studies show that limitations lead to a decline in the share of property taxes as a percentage of general revenue. [58] This implies an increased reliance on fees, charges, and miscellaneous revenue as a percentage of general revenue. In addition, there is evidence that local sales taxes increased modestly as a percentage of general revenue to offset the reduction in property taxes. [59]

While local taxing units can use fees, charges, and miscellaneous revenue to fund public services, these are not the best options for funding public services that have

significant spillovers such as public safety. For example, local governments in Texas are limited in their ability to levy taxes other than property taxes. Therefore, property tax limitations are associated with reduced autonomy for local governments to provide local services to their constituents. It is also the case that public goods are sometimes underprovided because of the free rider problem – the incentive for citizens to hide their true preferences for a public good in hopes that others will fund the good and they can benefit from their consumption. Moreover, restraining local sources of revenue may lead to an increase in the use of state revenue for local expenditures. [60]

Property tax limitations are also linked to increased variations in expenditures across locations, with jurisdictions in declining urban cores and those with less prosperous populations often facing the most binding fiscal constraints. In addition, property tax limitations are associated with reduced autonomy for local governments. [61]

Florida's Assessment Cap

Florida's homestead cap (3%) was implemented in 1995, and its non-homestead cap (10%) was added in 2009. The non-homestead cap was scheduled to sunset in 2019 but was extended by a constitutional amendment. The timing is similar to the Texas system, which also enacted the homestead assessment cap before the non-homestead cap. However, Florida and Texas property tax systems differ in the treatment of new improvements. Florida's non-homestead cap is removed in the year a qualifying improvement is made or after a change in ownership or control of the real property. Florida defines a qualifying improvement as an improvement that increases the value of property by 25% or more. In addition, the improvement has to be substantially completed on January 1 of the tax year. Florida's cap system also does not limit eligibility for the cap to property value under $5 million.

1992–2008: Homestead Assessment Cap Only

Florida's "Save Our Homes" (SOH) Amendment was added to the Florida Constitution in 1992 and became effective in 1995. Studies of the new law found that lock-in effects and reduced residential mobility in Florida accompanied SOH. Specifically, the studies showed that after SOH's 3% cap was enacted in 1995, there was a significant shift in the tax burden from homestead to non-homestead properties.

This was especially true with property values from 2002 to 2007. The differential in taxable value created by SOH was $82 billion in 2002 and $422 billion in 2007. [62] Using a statewide average property tax rate, this was worth $7.8 billion in property taxes in 2007 and cumulatively worth $28.5 billion over six years. Because SOH did not limit total taxes, the tax burden shifted from capped to uncapped taxpayers.

An interim state report on property taxes indicated that property tax levies more than doubled over this period. The tax increase was borne entirely by non-homestead

properties, including new homeowners, and a "portability" clause that allowed Florida homeowners to transfer up to $500,000 in tax benefits from one homestead property to another was proved to be ineffective. [63]

2009 –Today: Comparing Homestead and Non-Homestead Caps

In 2008, a Florida constitutional amendment created a 10% cap on annual increases in the assessment values of non-homestead properties. [64] The non-homestead 10% cap applies to vacation and second homes, rental property, unimproved real estate, and commercial property. [65] The provision was temporary and scheduled to sunset on Jan. 1, 2019. However, in 2017, before the sunset date, the non-homestead assessment cap removed $85.3 billion in taxable value from the tax roll. [66] The state estimated that if the cap was not renewed, the resulting tax increase would be $668 to $700 million in 2019 in order to maintain tax revenue income. Supporters of the amendment (i.e., keeping the 10% cap) argued that if the cap was not extended, the cost of doing business would increase and employment would decline. Renters would also pay higher rents because property owners would pass on tax increases to them. In 2018, Florida voters approved Amendment 2 to make this non-homestead assessment cap permanent (66% to 34%). [67]

Appendix C: Eligibility for the 20% Appraisal Cap in 2024

Under Texas Tax Code § 23.231, a property was eligible for the 20% appraisal cap in 2024 if the property satisfied the following criteria:

1. The property was real property;
2. The property was not a residence homestead that qualified for a homestead exemption under Tax Code § 11.13;
3. The property was not appraised under Subchapter C (land designated for agricultural use), D (agricultural land), E (timber land), F (recreational, park, and scenic land), G (public access airport property), or H (restricted-use timber land) of the Tax Code;
4. The property had the same owner on Jan. 1, 2023 and Jan. 1, 2024; and
5. The appraised value of the property was no more than $5 million in 2024. [68]

Appendix D: Identifying Capped and Uncapped Properties

For each county in the study, total capped properties on the 2024 appraisal roll were identified by applying various filters to the CAD data obtained from the Texas Comptroller. All properties not identified as total capped properties were grouped as uncapped properties.

Understanding the CAD Data

Each CAD submits its appraisal roll to the Texas Comptroller as an Electronic Appraisal Roll Submission (EARS), the format required by the Comptroller.[69] The Texas Comptroller's Property Tax Assistance Division (PTAD) publishes detailed information about the EARS system and instructions for submitting appraisal rolls in the appropriate format.[70]

Understanding of the CAD data was informed by the January 2023 and February 2024 editions of the Texas Comptroller's "Electronic Appraisal Roll Submission: Record Layout and Instructions Manual" (the EARS Manual).[71] Each EARS is formatted as a database containing lines and fields. Each line of the database represents a unique property in a particular taxing unit, meaning that a single property within three taxing units of a county will appear on three separate lines of the county's EARS. The fields in the EARS database document the properties' various features relevant to property tax valuation.

The format for EARS differed somewhat in 2023 and 2024, and the differences are explained on pages 1–2 of the 2024 EARS Manual. The first 86 fields, labeled Account Jurisdiction Record (AJR) 01 to 86, were arranged in the same order and format in both years. Eleven new fields, AJR87–97, were added in 2024. One of those new fields, AJR90, relates to the 20% appraisal cap. AJR90 is the CAD's determination of a single property's value lost in 2024 because of the 20% appraisal cap.

Note that the Texas Comptroller does not verify the accuracy of the data submitted by CADs. The CAD data for this study was obtained from the Comptroller in the form submitted by the CADs.

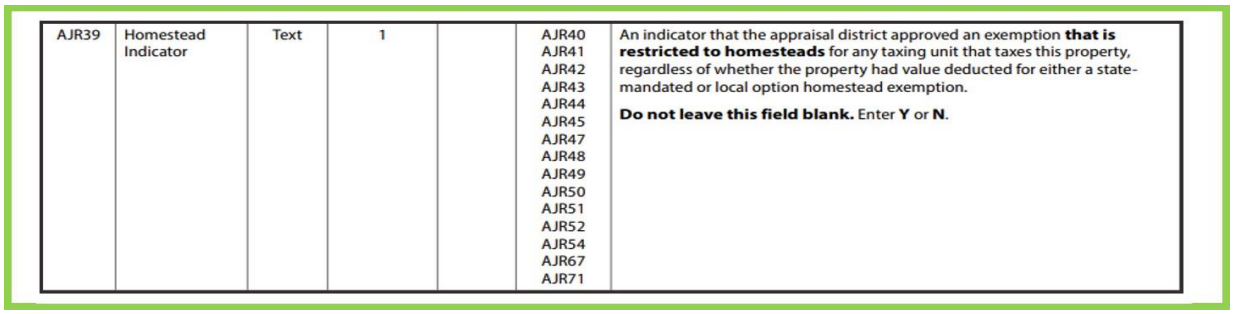
Identifying Capped Properties

To identify properties eligible for the appraisal cap in 2024, according to the statutory criteria in Appendix C, five filters were applied to the 2024 EARS of each county to create the data set referenced as capped properties.

Filter 1: Not a Homestead in 2024 (AJR39 = N)

AJR39 indicates whether a property is qualified for a homestead exemption. For Collin, Harris, Moore, and Smith counties properties with an AJR39 value of "N" were selected, indicating the property is not qualified for a homestead exemption. See Figure 3.

Figure 3 — AJR39 Homestead Indicator [72]



AJR39	Homestead Indicator	Text	1		AJR40 AJR41 AJR42 AJR43 AJR44 AJR45 AJR47 AJR48 AJR49 AJR50 AJR51 AJR52 AJR54 AJR67 AJR71	An indicator that the appraisal district approved an exemption **that is restricted to homesteads** for any taxing unit that taxes this property, regardless of whether the property had value deducted for either a state-mandated or local option homestead exemption. **Do not leave this field blank.** Enter **Y** or **N**.

Source: Texas Comptroller, 2024 Electronic Appraisal Roll (EARS) Submission Manual.

For Midland County, properties with a zero in AJR42 through AJR54 were selected (a zero in fields AJR42 through AJR54 indicates that no homestead exemption applies). This alternative filter was necessary for Midland County because 99.5% of the lines in the 2024 EARS of Midland County had an AJR39 response of "Y," indicating all those properties qualified for a homestead exemption. This was determined to be a data entry error because these properties had categories that were inappropriate for homesteads, such as G1 (Real Property: Oil and Gas), F1 (Real Property: Commercial), or J (Real and Tangible Personal Property: Utilities). The alternative filter for homestead exemptions in Midland County was determined to yield more accurate results.

Filter 2: Eligible Real Property Category (AJR31 = A, B, C1, C2, D2, E, F1, F2, G1-G3, J1-J9, O)

AJR31 indicates the category of a property, according to the Texas Comptroller's property classification system. [73] Properties with an AJR31 value of A, B, C1, C2, D2, E, F1, F2, G1–G3, J1–J9, or O, which includes all potentially eligible real property, were selected.

The selection criteria exclude all ineligible real property, specifically category D1 which contains real property appraised under Subchapters C, D, E, or H of the Tax Code. [74] The selection criteria also exclude personal property to the extent possible but note that Categories J1–J9 include both real and personal property of utilities and co-ops. [75]

All category J property was initially included as potentially eligible for the appraisal cap, and those with value only in AJR38, which is the value of personal property, were later excluded. The included categories are marked with a red checkmark in Figure 4.

Figure 4 — Texas Comptroller's Property Classifications

Included in Analysis	Category	Property Type
✓	A	Real Property: Single-family Residential
✓	B	Real Property: Multifamily Residential
✓	C1	Real Property: Vacant Lots and Land Tracts
✓	C2	Real Property: Colonia Lots and Land Tracts
	D1	Real Property: Qualified Open-space Land
✓	D2	Real Property: Farm and Ranch Improvements on Qualified Open-space Land
✓	E	Real Property: Rural Land, not qualified for open-space land appraisal, and Improvements
✓	F1	Real Property: Commercial
✓	F2	Real Property: Industrial and Manufacturing
✓	G1	Real Property: Oil and Gas
✓	G2	Real Property: Minerals
✓	G3	Real Property: Other Sub-surface Interests in Land
	H1	Tangible Personal Property: Personal Vehicles, not used for business purposes
	H2	Tangible Personal Property: Goods in Transit
✓	J	Real and Tangible Personal Property: Utilities
	L1	Personal Property: Commercial
	L2	Personal Property: Industrial and Manufacturing
	M1	Mobile Homes
	M2	Other Tangible Personal Property
	N	Intangible Personal Property Only
✓	O	Real Property: Residential Inventory
	S	Special Inventory
	X	Totally Exempt Property and Subcategories

Source: 2024 EARS Manual.

Filter 3: Same Owner in 2023 and 2024 (AJR13 before Jan. 1, 2023)

AJR13 is the most recent date of sale for a property. A property was considered potentially eligible for the appraisal cap if it had an AJR13 value indicating the last sale was before January 1, 2023. See Figure 5.

Figure 5 — AJR13 Most Recent Date of Sale

AJR13	Most Recent Date of Sale	Text	8		AJR14 AJR82 AJR83	The month, day and year of the most recent sale of the property. The date must have all eight digits, using leading zeroes for months earlier than October and for days earlier than the 10th. **EXAMPLE:** **05241998** represents May 24, 1998 **Leave this field blank ONLY if the property does not have a recorded sale date.**

Source: 2024 EARS Manual.

Filter 4: 2024 Market Value ≤ $5,000,000 (AJR35 + AJR36 + AJR37 ≤ $5,000,000)

JR35 is the market value of land, AJR36 is the market value of improvements, and AJR37 is the market value of minerals. Only properties for which the sum of AJR35, AJR36, and AJR37 was equal to or less than $5 million were included as potentially eligible for the appraisal cap. See Figure 6.

Figure 6 — AJR35, AJR36 and AJR37 Market Value

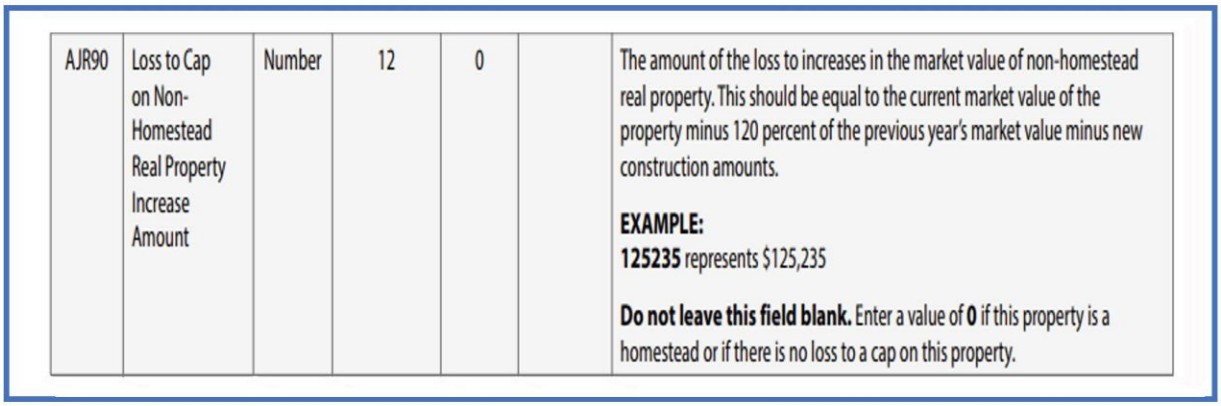
AJR35	Land Market Value (Before Cap is Applied)	Number	12	0	AJR34	The market value, in whole dollars, of the land for this property in the identified taxing unit. This value is after ARB adjustments are made. Do not include value in this field for property receiving a total exemption; include that value in AJR34. Do not use a capped value. **EXAMPLE:** **12000** represents a $12,000 land value. **Do NOT leave this field blank.** Enter a value of **0** if there is no land value on this account. This field must = **0** if AJR31 = **D2**, **L1**, **L2**, **N** or **S**.
AJR36	Improvement Market Value (Before Cap is Applied)	Number	12	0	AJR34	The market value, in whole dollars, of the property improvements in the identified taxing unit. For this submission, improvements are buildings or structures located on or attached to the land. This value is after ARB adjustments are made. Do not include value in this field for property receiving a total exemption; include that value in AJR34. Do not use a capped value. **EXAMPLE:** **46000** represents a $46,000 improvement value. **Do NOT leave this field blank.** Enter a value of **0** if there is no improvement value on this account. This field must = **0** if AJR31 = **D1**, **G1**, **L1**, **L2**, **N** or **S**.
AJR37	Mineral Market Value (Before Cap is Applied)	Number	12	0	AJR34	The market value, in whole dollars, of the mineral property for the identified taxing unit. Mineral properties include the value of all deposits still in the ground and not yet produced. Consider all equipment used to produce and prepare the minerals for sale as mineral property. Mineral property includes value for both energy minerals, including oil, gas, lignite and uranium and non-fuel minerals such as sand, gravel, limestone, granite, talc and sulfur. Include non-mineral sub-surface interest in land, such as a caliche pit. This value is after ARB adjustments are made. Do not include value in this field for property receiving a total exemption; include that value in AJR34. Do not use a capped value. **EXAMPLE:** **2956850** represents a $2,956,850 mineral value. **Do NOT leave this field blank.** Enter a value of **0** if there are no minerals associated with this account. This field must = **0** if AJR31 = **D1**, **D2**, **L1**, **L2**, **N** or **S**.

Source: 2024 EARS Manual.

Filter 5: 2024 Value Lost to the Appraisal Cap (AJR90 > 0)

AJR90 is the value lost to the 20% appraisal cap in 2024. Only properties for which the CAD reported a positive number in AJR90 were included in capped properties, with one exception. Oil and gas properties (category G1) in Harris County for which filters 1–4 were true were also treated as satisfying Filter 5, even if AJR90 was zero, because the data entry error discussed in Appendix H was apparent in the CAD data. See Figure 7.

Figure 7 — AJR90: Value Removed Due to Cap



AJR90	Loss to Cap on Non-Homestead Real Property Increase Amount	Number	12	0		The amount of the loss to increases in the market value of non-homestead real property. This should be equal to the current market value of the property minus 120 percent of the previous year's market value minus new construction amounts. **EXAMPLE:** **125235** represents $125,235 **Do not leave this field blank.** Enter a value of **0** if this property is a homestead or if there is no loss to a cap on this property.

Source: 2024 EARS Manual.

All properties that satisfied the five filters were grouped as eligible capped properties, except that duplicates (identified by account number) representing the same property for a taxing unit other than the county were eliminated.

Among the remaining properties on the 2024 appraisal roll of each county (meaning those that did not satisfy the five filters), several properties had a positive number in AJR90. A positive number in AJR90 indicates that the CAD applied the appraisal cap to the property. These properties were grouped as deemed capped properties. Duplicates (identified by account number) were eliminated.

Together, eligible capped properties and deemed capped properties comprised total capped properties.

Identifying Uncapped Properties

After grouping total capped properties, all properties remaining on the 2024 appraisal roll for a county were grouped as uncapped properties for that county. All uncapped properties had an AJR90 value of zero in the 2024 EARS data.

Inconsistent Application of the Appraisal Cap

Properties that failed one or more of the five filters but had a positive number in AJR90 were grouped as deemed capped properties even if, after examining the EARS data and the criteria in Appendix C, they did not appear eligible for the appraisal cap. In other words, the analysis followed the action of the CAD and did not make independent judgments of eligibility. Many properties determined by CADs to be eligible for the appraisal cap were ineligible, according to the EARS data, for one of the following reasons:

- **Mobile homes in Category M1:** Mobile homes in category M1 ("mobile homes on land owned by someone other than the owner of the mobile home") are not eligible because they are personal property and not real property. Mobile homes are classified as personal property by default unless certain elections are made.[76] If a mobile home and the land it occupies are owned by the same person, the mobile home would be classified as category A or E.
- **Change in ownership after Jan. 1, 2023:** A property was potentially eligible for the appraisal cap in 2024 only if it had the same owner on Jan. 1, 2023 and Jan. 1, 2024. If a property changed ownership after Jan. 1, 2023, it was not eligible for the appraisal cap in 2024.
- **Properties with a homestead exemption:** A property with a residence homestead exemption in 2024 did not qualify for the appraisal cap.
- **Properties with a 2024 market value over $5 million:** A property with a market value over $5 million in 2024 did not qualify for the appraisal cap.[77]

In other instances, the appraisal rolls lacked sufficient information to determine whether a property with a positive AJR90 was eligible for the appraisal cap in 2024. For some properties, the 2023 market value was missing, the 2024 market value was zero, or the property appeared on the 2024 appraisal roll but not on the 2023 appraisal roll. It was impossible to assess the eligibility of these properties based on EARS data. Also, the absent or incorrect data may have resulted in a discrepancy in the amount of lost value calculated by the calculated data method and the associated shift in tax levies. No discrepancy would have resulted in the CAD data method of calculating lost value.

Appendix E: How the 20% Appraisal Cap Shifted the Property Tax Burden in 2024

When property value is removed from the appraisal roll of a taxing unit via an appraisal cap, Texas law permits the taxing unit to increase tax rates to compensate for the smaller tax base (unless the legislature adopts extraordinary measures to prevent the increase). No such measures are included in Tax Code § 23.231, the law underlying the 20% appraisal cap that is the subject of this research. [78] The result is that the property tax burden is shifted from the properties that are eligible for the cap (capped properties) to those that are not eligible for the cap (uncapped properties).

Each taxing unit that imposes a property tax is required by law to calculate a no-new-revenue tax rate (NNRTR) and voter-approval tax rate (VATR) each year using forms prescribed by the Texas Comptroller of Public Accounts. [79] Different versions of the worksheet are published for school districts, water districts, and all other taxing units. This discussion concerns only taxing units that are not school districts or water districts, namely cities, counties, and special districts. All references to a worksheet are to Form 50-856, 2024 Tax Rate Calculation Worksheet for Taxing Units Other Than School Districts or Water Districts. [80]

No-New-Revenue Tax Rate

The NNRTR for a taxing unit is the tax rate that would generate the same amount of tax revenue in the current year as the taxing unit generated in the prior year from properties that were on the tax roll in both years. [81] The definition of the NNRTR for 2024 is represented by the following equation: [82]

$$\text{2024 NNRTR} = \frac{\text{2023 Property Tax Levy - 2023 Levy on Lost Property}}{\text{2024 Taxable Value - 2024 New Property Value}} \times \$100$$

The purpose of the NNRTR is to serve as a benchmark to help the public identify a tax increase. As the population of a city, county, or other taxing unit grows, and as property values change with the market, it can be difficult to spot a tax increase. If the tax rate proposed or adopted by a taxing unit is higher than the NNRTR, then the taxing unit has proposed or adopted a tax increase. [83] If the proposed or adopted tax rate is the same as or lower than the NNRTR, then the taxing unit has not proposed or adopted a tax increase according to the law. [84]

Voter-Approval Tax Rate

The VATR is the highest tax rate a taxing unit may adopt without the approval of voters at an election. [85] The VATR is a function of the maintenance and operations (M&O) portion of the NNRTR (M&O NNRTR). The VATR is 3.5% or 8.0% higher than the M&O

NNRTR, depending on characteristics of the taxing unit, plus the taxing unit's debt rate and unused increment rate. [86] The debt rate is the tax rate necessary to pay the taxing unit's debt obligations in the current year. [87] The unused increment rate represents the tax rate that a taxing unit did not levy in the three prior years because its adopted tax rate was less than the VATR for that year. [88]

The calculation of the VATR for Collin, Midland, Moore, and Smith counties in 2024 is represented by the following equation: [89]

2024 VATR = (2024 M&O NNRTR x 1.035) + 2024 Debt Rate + 2024 Unused Increment Rate

The calculation of the 2024 VATR for Harris County, which opted to use the 8% multiplier for disaster areas allowed by Section 26.042 of the Tax Code, is represented by the following equation: [90]

2024 VATR = (2024 M&O NNRTR x 1.08) + 2024 Debt Rate + 2024 Unused Increment Rate

Evidence of Tax Shift and Tax Increase

A revenue-neutral analysis found that the 20% appraisal cap resulted in higher tax rates, a shift of the tax burden from capped properties to uncapped properties, and higher property taxes overall.

The law anticipates that taxing units would collect the same amount of property tax revenue from the smaller tax base that resulted from the 20% appraisal cap in 2024, compared to the larger tax base that would have resulted if the 20% appraisal cap had not been enacted.

Under Texas law, property tax levies are intended to adjust to property values, and the system for setting property tax rates has been designed for that purpose. [91] That design ensures that taxing units can collect the amount of property tax revenue needed to fund local governments as property values increase and decrease with the market, at the level of funding preferred by the elected officials and voters of each locality.

Property tax levies are determined by this equation:

2024 Tax Levy = 2024 Taxable Value ÷ $100 x 2024 Tax Rate

For clarity, the equation is written as it applies to 2024, but the same equation operates every year for all taxing units. Taxable value is divided by $100 because, in Texas, property tax rates are always expressed as a rate per $100 of property value. [92]

An appraisal cap, such as the 20% appraisal cap in this study, operates by removing property value from the taxable value variable of the equation. Mathematically, as taxable value decreases, the tax rate can increase (within certain limits) to generate the amount of property tax revenue (tax levy) needed for the taxing unit. Therefore, decreasing taxable value via an appraisal cap does not decrease the tax levy.

Moreover, the property tax equation works like this in practice, where the tax levy represents the amount of tax revenue needed to fund local government and tax rate is the output of the equation rather than an input:

$$\text{2024 Tax Rate} = \frac{\text{2024 Tax Levy}}{\text{2024 Taxable Value} \div \$100}$$

The property tax equation is known to work like this in practice because of the sequence of events in the tax year. The determination of taxable value is the first step in the process, as CADs appraise property and determine the taxable value for each taxing unit from January to July of each year. [93] Meanwhile, during the spring and summer, taxing units simultaneously write their budgets and determine the amount of revenue (tax levy) needed to fund local government. [94] In the late summer and early fall, the two elements come together as taxing units determine their tax rates for the year, with the NNRTR serving as a benchmark and the VATR serving as a limitation.

In each of the five counties, the 2024 NNRTR and 2024 VATR were higher with the 20% appraisal cap than they would have been if the 20% appraisal cap had not been enacted.

Returning to the equation for calculating the NNRTR, as the 20% appraisal cap removed value from the appraisal roll, it reduced 2024 taxable value (displayed in red). Mathematically, the resulting 2024 NNRTR (displayed in green) for each county was higher than it would have been without the 20% appraisal cap:

$$\text{2024 NNRTR} = \frac{\text{2023 Property Tax Levy - 2023 Levy on Lost Property}}{\text{2024 Taxable Value - 2024 New Property Value}} \times \$100$$

Likewise, returning to the equation for calculating the VATR, the removal of value from the appraisal roll increased the 2024 M&O NNRTR and the 2024 Debt Rate (displayed in green) and increased the 2024 VATR (displayed in green):

$$\text{2024 VATR} = (\text{2024 M\&O NNRTR} \times 1.035) + \text{2024 Debt Rate} + \text{2024 Unused Increment Rate}$$

$$\text{2024 VATR} = (\text{2024 M\&O NNRTR} \times 1.08) + \text{2024 Debt Rate} + \text{2024 Unused Increment Rate}$$

To determine what the 2024 NNRTR and 2024 VATR would have been in the five counties if the 20% appraisal cap had not been enacted, the tax rates were recalculated

using the worksheets (Form 50-856) prepared by each of the counties and changing only "Current year total taxable value" on line 21. The worksheets of the five counties appear in Figures 8 through 12 at the end of this appendix. On the worksheets:

- The column "ACTUAL 2024 With 20% Cap" is the county's actual calculation of the 2024 NNRTR and 2024 VATR. Each county's original 2024 worksheet is available on the website of the county's tax assessor/collector.
- The column "HYPOTHETICAL 2024 Without 20% Cap" is a recalculation, after adding taxable value removed by the 20% appraisal cap for eligible capped properties and deemed capped properties (CAD data method) to taxable value in the ACTUAL column on line 21. The change of taxable value for the HYPOTHETICAL is marked in bold type and an orange box on the worksheets at the end of this appendix. This is the only change made to the county's ACTUAL calculation.
- All other differences in the worksheet between the ACTUAL and HYPOTHETICAL columns are the result of the change to taxable value on line 21 and the operation of the formulas on the worksheet.
- The result of the change to taxable value on line 21 (the adding back of taxable value removed by the 20% appraisal cap) is shown as a slightly higher NNRTR on line 26 and a slightly higher VATR on line 50 in the HYPOTHETICAL column compared to the ACTUAL column. The difference between the two columns is the increase that resulted from the 20% appraisal cap. The amount of the increase in the NNRTR and the VATR is shown below line 26 and line 50, respectively, on each county's worksheet.

The increase in the NNRTR and the VATR for the five counties that resulted from the 20% appraisal cap, as determined on the worksheets, is shown in Tables 16 and 17.

Table 16 — 2024 No-New-Revenue Tax Rates for the Five Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap	Increase Resulting from 20% Cap
Collin	0.140481	0.140206	**0.000275**
Harris	0.35176	0.35042	**0.001340**
Midland	0.121833	0.120420	**0.001413**
Moore	0.464238	0.462154	**0.002084**
Smith	0.331638	0.321841	**0.009797**

Table 17 — 2024 Voter-Approval Tax Rates for the Five Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap	Increase Resulting from 20% Cap
Collin	0.147969	0.147683	**0.000286**
Harris	0.38529	0.38381	**0.001480**
Midland	0.288851	0.285511	**0.003340**
Moore	0.481593	0.479435	**0.002158**
Smith	0.491919	0.477449	**0.014470**

In order to raise the needed amount of property tax or to achieve revenue neutrality, this analysis showed that the 20% appraisal cap required the five counties to levy a higher adopted tax rate compared to what would have been required if the 20% appraisal cap had not been enacted.

The property tax equation demonstrates that if the total tax levy (or property tax revenue) is held constant, the tax rate increases when taxable value decreases and vice versa. Thus, the removal of taxable value from the appraisal roll as required by the 20% appraisal cap necessitated higher adopted tax rates to reach the needed total tax levy (or property tax revenue). Table 18 shows, for each county, the actual 2024 tax levy, taxable value and adopted tax rate; the hypothetical taxable value and tax rate needed to achieve the same 2024 total tax levy (to be revenue-neutral); and the increase in the tax rate that resulted from the 20% appraisal cap.

Table 18 — Increase in 2024 Adopted Tax Rate Resulting from the 20% Appraisal Cap

	ACTUAL 2024			HYPOTHETICAL 2024		
County	2024 Tax Levy	Taxable Value With 20% Cap	Adopted Tax Rate	Taxable Value Without 20% Cap	Tax Rate to Generate Same 2024 Tax Levy	Increase in Adopted Tax Rate Resulting from 20% Cap
Collin	$ 326,273,773	$ 218,472,759,145	0.149343	$ 218,882,544,478	0.149063	**0.000280**
Harris	$ 2,539,739,638	$ 659,176,110,997	0.38529	$ 661,643,601,153	0.38385	**0.001440**
Midland	$ 75,958,486	$ 57,728,425,974	0.131579	$ 58,390,529,515	0.130087	**0.001492**
Moore	$ 14,365,020	$ 2,982,813,224	0.481593	$ 2,996,163,002	0.479447	**0.002146**
Smith	$ 85,504,307	$ 23,475,296,376	0.364231	$ 24,167,488,215	0.353798	**0.010433**

The higher adopted tax rate necessitated by the 20% appraisal cap also resulted in a higher property tax levy in 2024 on the median home value than would have been required if the 20% appraisal cap had not been enacted.

Table 19 shows, for each county, the median home value, the actual 2024 tax levy on the median home value, the 2024 tax levy on the median home value at the lower tax rate that would have generated the same property tax revenue if the 20% appraisal had not been enacted, and the increase in county property tax on the median home value as a result of the 20% appraisal cap.

Table 19 — Tax Increase in 2024 Based On Median Home Value

		ACTUAL 2024		HYPOTHETICAL 2024		
County	2024 Median Home Value	Adopted Tax Rate	Tax Levy on Median Home Value	Tax Rate Without 20% Cap	Tax Levy on Median Home Value	Tax Increase for Median Home Value Resulting from 20% Cap
Collin	$485,000	0.149343	$ 724.31	0.149063	$ 722.96	**$1.36**
Harris	$315,000	0.38529	$ 1,213.66	0.38385	$ 1,209.13	**$4.54**
Midland	$355,900	0.131579	$ 468.29	0.130087	$ 462.98	**$5.31**
Moore	$193,450	0.481593	$ 931.64	0.479447	$ 927.49	**$4.15**
Smith	$297,900	0.364231	$ 1,085.04	0.353798	$ 1,053.96	**$31.08**

In a revenue-neutral analysis, the study found that a total of $12.8 million in county property tax levies was shifted from total capped properties to uncapped properties as a result of the appraisal cap. The taxable value utilized in this analysis was determined by summing the taxable value for capped properties and, separately, for uncapped properties as it was recorded in the CAD data.

Table 20 shows the tax levy in 2024 on capped properties in the five counties, which totals $101.7 million. The table also shows the tax levy on capped properties that would have resulted if the 20% appraisal cap had not been enacted, which totals $114.5 million. The difference of $12.8 million is the decrease in tax levies on capped properties as a result of the 20% appraisal cap.

Table 20 — Tax Decrease for Capped Properties

	ACTUAL 2024 Capped Properties with 20% Cap			HYPOTHETICAL 2024 (No 20% Cap) Capped Properties without 20% Cap				
County	2024 Taxable Value of Capped Properties With 20% Cap	2024 Adopted Tax Rate	2024 Tax Levy on Capped Properties	Taxable Value of Capped Properties Without 20% Cap (CAD Data Method)	Tax Rate to Generate Same Total Tax Levy in 2024	Hypothetical Tax Levy on Capped Properties	Increase (Decrease) in Tax Levy on Capped Properties Resulting from 20% Cap	%
Collin	$ 4,405,696,039	0.149343	$ 6,579,599	$ 4,815,481,372	0.149063	$ 7,178,101	**$ (598,502)**	**(8.3%)**
Harris	$ 20,834,566,903	0.385290	$ 80,273,503	$ 23,302,057,059	0.383850	$ 89,444,946	**$ (9,171,443)**	**(10.3%)**
Midland	$ 2,154,963,111	0.131579	$ 2,835,479	$ 2,817,066,652	0.130087	$ 3,664,637	**$ (829,159)**	**(22.6%)**
Moore*	$ 124,670,895	0.481593	$ 600,406	$ 138,020,673	0.479447	$ 661,736	**$ (61,330)**	**(9.3%)**
Smith	$ 3,143,687,082	0.364231	$ 11,450,283	$ 3,835,878,921	0.353798	$ 13,571,263	**$ (2,120,980)**	**(15.6%)**
TOTAL			**$ 101,739,270**			**$ 114,520,655**	**$ (12,781,386)**	**(11.2%)**

Table 21 shows the tax levy in 2024 on uncapped properties in the five counties, which totals $3.11 billion. The table also shows the tax levy on uncapped properties that would have resulted if the 20% appraisal cap had not been enacted, which totals $3.096 billion. The difference of $14.2 million is the increase in tax levies on uncapped properties as a result of the 20% appraisal cap.

The appraisal cap also likely resulted in higher taxes overall. Although capped properties had a tax decrease of $12.8 million, uncapped properties had a tax increase of $14.2 million. Netting the two numbers yields an overall tax increase of $1.4 million.

Table 21 — Tax Increase for Uncapped Properties Cap

	ACTUAL 2024 Uncapped Properties			HYPOTHETICAL 2024 (No 20% Cap) Uncapped Properties				
County	2024 Taxable Value of Uncapped Properties	2024 Adopted Tax Rate	2024 Tax Levy on Uncapped Properties	2024 Taxable Value of Uncapped Properties	Tax Rate to Generate Same Total Tax Levy in 2024	Hypothetical Tax Levy on Uncapped Properties	Increase (Decrease) in Tax Levy on Uncapped Properties Resulting from 20% Cap	%
Collin	$ 260,584,935,196	0.149343	$ 389,165,360	$260,584,935,196	0.149063	$ 388,435,722	$ 729,638	0.2%
Harris	$ 654,694,705,811	0.385290	$ 2,522,473,232	$654,694,705,811	0.383850	$ 2,513,045,628	$ 9,427,604	0.4%
Midland	$ 57,997,183,684	0.131579	$ 76,312,114	$ 57,997,183,684	0.130087	$ 75,446,796	$ 865,318	1.1%
Moore*	$ 3,089,078,349	0.481593	$ 14,876,785	$ 3,089,078,349	0.479447	$ 14,810,493	$ 66,292	0.4%
Smith	$ 29,539,211,661	0.364231	$ 107,590,966	$ 29,539,211,661	0.353798	$ 104,509,140	$ 3,081,826	2.9%
TOTAL			$3,110,418,457			$3,096,247,200	$ 14,171,257	0.5%

Note: Moore County levies three separate tax rates: General Fund, Flood Control/Farm-to-Market Fund, and Special Road & Bridge Fund. The 2024 adopted tax rate is the sum of the three separate tax rates. The hypothetical tax rate for 2024 is also the sum of the three tax rates. The 2024 taxable value for capped properties and uncapped properties with the 20% cap is the value on the appraisal roll for the General Fund. The differences in 2024 taxable value for the three tax rates was relatively small, a maximum of 0.2%.

Figure 8 — Collin County Tax Rate Calculation Worksheet

COLLIN COUNTY
2024 Tax Rate Calculation Worksheet
(Form 50-856, Relevant Lines Only)

NO-NEW-REVENUE TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
4	Prior year total adopted tax rate.	0.149343	0.149343
8	Prior year taxable value, adjusted.	$ 199,022,821,170	$ 199,022,821,170
14	Prior year total value.	$ 195,828,774,960	$ 195,828,774,960
17	Adjusted year prior levy with refunds and TIF adjustment.	$ 293,851,102	$ 293,851,102
21	Current year total taxable value.*	$ 218,472,759,145	**$ 218,882,544,478**
24	Total adjustments to current year taxable value.	$ 9,298,315,148	$ 9,298,315,148
25	Adjusted current year taxable value. Subtract Line 24 from Line 21.	$ 209,174,443,997	$ 209,584,229,330
26	**Current year NNR tax rate. Divide Line 17 by Line 25 and multiply by $100.**	**0.140481**	**0.140206**
	INCREASE IN NNRTR RESULTING FROM 20% APPRAISAL CAP		**0.000275**

VOTER-APPROVAL TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
28	Prior year M&O tax rate.	0.107493	0.107493
29	Prior year taxable value, adjusted for actual and potential court-order adjustments. Enter the amount on Line 8.	$ 199,022,821,170	$ 199,022,821,170
31E	Adjusted prior year levy for calculating NNR M&O rate.	$ 211,065,546	$ 211,065,546
32	Adjusted current year taxable value. Enter the amount in Line 25.	$ 209,174,443,997	$ 209,584,229,330
33	Current year NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by $100.	0.100904	0.100706
34D	Rate adjustment for state criminal justice mandate.	0.002265	0.002261
35D	Rate adjustment for indigent health care expenditures.	0	0
36E	Rate adjustment for county indigent defense compensation.	0.000226	0.000225
37E	Rate adjustment for county hospital expenditures.	0	0
38D	Rate adjustment for defunding municipality.	0	0
39	Adjusted current year NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	0.103395	0.10319
40B	Adjustment to prior year sales tax specifically to reduce property taxes.	0	0
40C	Adjusted current year NNR M&O rate, after sales tax adjustment. Add Line 40B to Line 39.	0.103395	0.103192
41	Current year voter-approval M&O rate for Other Taxing Unit. Multiply Line 40C by 1.035.	0.107014	0.106803
D41	Current year voter-approval M&O rate for taxing unit affected by disaster declaration. Multiply Line 40C by 1.08.	0	0
46	Current year debt adjusted for collections.	$ 89,478,073	$ 89,478,073
47	Current year total taxable value. Enter the amount on Line 21.	$ 218,472,759,145	$ 218,882,544,478
48	Current year debt rate. Divide Line 46 by Line 47 and multiply by $100.	0.040956	0.040879
49	Current year voter-approval tax rate. Add Lines 41 and 48.	0.147969	0.147683
D49	Current year voter-approval tax rate for taxing unit affect by disaster declaration. Add Lines D41 and 48.	0	0
50	**Counties only. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.**	**0.147969**	**0.147683**
	INCREASE IN VATR RESULTING FROM 20% APPRAISAL CAP		**0.000286**

* For the HYPOTHETICAL 2024 column, Line 21 (Current year total taxable value) (in **bold text**) is the value for ACTUAL 2024 *plus* the value for Eligible Capped Properties and Deemed Capped Properties that was excluded from taxable value by the appraisal district in 2024 because of the 20% appraisal cap (CAD Data Method). All other differences in the worksheet between the ACTUAL 2024 and HYOTHETICAL 2024 columns are the result of the change to taxable value on Line 21 for HYPOTHETICAL 2024 and the operation of the formulas on the worksheet.

Source: All information in the table is from the publicly available worksheet for this county, except for the "HYPOTHETICAL 2024" column as highlighted above.

Figure 9 — Harris County, Tax Rate Calculation Worksheet

HARRIS COUNTY
2024 Tax Rate Calculation Worksheet
(Form 50-856, Relevant Lines Only)

NO-NEW-REVENUE TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
4	Prior year total adopted tax rate.	0.35007	0.35007
8	Prior year taxable value, adjusted.	$ 641,594,636,701	$ 641,594,636,701
14	Prior year total value.	$ 628,681,949,450	$ 628,681,949,450
17	Adjusted year prior levy with refunds and TIF adjustment.	$ 2,263,445,775	$ 2,263,445,775
21	Current year total taxable value.*	$ 659,176,110,997	**$ 661,643,601,153**
24	Total adjustments to current year taxable value.	$ 15,721,302,517	$ 15,721,302,517
25	Adjusted current year taxable value. Subtract Line 24 from Line 21.	$ 643,454,808,480	$ 645,922,298,636
26	**Current year NNR tax rate. Divide Line 17 by Line 25 and multiply by $100.**	**0.35176**	**0.35042**
	INCREASE IN NNRTR RESULTING FROM 20% APPRAISAL CAP		**0.00134**

VOTER-APPROVAL TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
28	Prior year M&O tax rate.	0.30281	0.30281
29	Prior year taxable value, adjusted for actual and potential court-order adjustments. Enter the amount on Line 8.	$ 641,594,636,701	$ 641,594,636,701
31E	Adjusted prior year levy for calculating NNR M&O rate.	$ 1,984,770,089	$ 1,984,770,089
32	Adjusted current year taxable value. Enter the amount in Line 25.	$ 643,454,808,480	$ 645,922,298,636
33	Current year NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by $100.	0.30845	0.30727
34D	Rate adjustment for state criminal justice mandate.	0.00053	0.00052
35D	Rate adjustment for indigent health care expenditures.	0	0
36E	Rate adjustment for county indigent defense compensation.	0.00078	0.00078
37E	Rate adjustment for county hospital expenditures.	0	0
38D	Rate adjustment for defunding municipality.	0	0
39	Adjusted current year NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	0.30976	0.30857
40B	Adjustment to prior year sales tax specifically to reduce property taxes.	0	0
40C	Adjusted current year NNR M&O rate, after sales tax adjustment. Add Line 40B to Line 39.	0.30976	0.30857
41	Current year voter-approval M&O rate for Other Taxing Unit. Multiply Line 40C by 1.035.	0.32060	0.31937
D41	Current year voter-approval M&O rate for taxing unit affected by disaster declaration. Multiply Line 40C by 1.08.	0.33454	0.33325
46	Current year debt adjusted for collections.	$ 334,539,902	$ 334,539,902
47	Current year total taxable value. Enter the amount on Line 21.	$ 659,176,110,997	$ 661,643,601,153
48	Current year debt rate. Divide Line 46 by Line 47 and multiply by $100.	0.05075	0.05056
49	Current year voter-approval tax rate. Add Lines 41 and 48.	0.37135	0.36993
D49	Current year voter-approval tax rate for taxing unit affect by disaster declaration. Add Lines D41 and 48.	0.38529	0.38381
50	**Counties only. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.**	**0.38529**	**0.38381**
	INCREASE IN VATR RESULTING FROM 20% APPRAISAL CAP		**0.00148**

* For the HYPOTHETICAL 2024 column, Line 21 (Current year total taxable value) (in **bold text**) is the value for ACTUAL 2024 *plus* the value for Eligible Capped Properties and Deemed Capped Properties that was excluded from taxable value by the appraisal district in 2024 because of the 20% appraisal cap (CAD Data Method). All other differences in the worksheet between the ACTUAL 2024 and HYOTHETICAL 2024 columns are the result of the change to taxable value on Line 21 for HYPOTHETICAL 2024 and the operation of the formulas on the worksheet.

Source: All information in the table is from the publicly available worksheet for this county, except for the "HYPOTHETICAL 2024" column as highlighted above.

Figure 10 — Midland County Tax Rate Calculation Worksheet

MIDLAND COUNTY
2024 Tax Rate Calculation Worksheet
(Form 50-856, Relevant Lines Only)

NO-NEW-REVENUE TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
4	Prior year total adopted tax rate.	0.120430	0.120430
8	Prior year taxable value, adjusted.	$ 56,882,519,581	$ 56,882,519,581
14	Prior year total value.	$ 56,756,191,549	$ 56,756,191,549
17	Adjusted year prior levy with refunds and TIF adjustment.	$ 68,779,705	$ 68,779,705
21	Current year total taxable value.*	$ 57,728,425,974	**$ 58,390,529,515**
24	Total adjustments to current year taxable value.	$ 1,274,383,208	$ 1,274,383,208
25	Adjusted current year taxable value. Subtract Line 24 from Line 21.	$ 56,454,042,766	$ 57,116,146,307
26	**Current year NNR tax rate. Divide Line 17 by Line 25 and multiply by $100.**	**0.121833**	**0.120420**
	INCREASE IN NNRTR RESULTING FROM 20% APPRAISAL CAP		**0.001413**

VOTER-APPROVAL TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
28	Prior year M&O tax rate.	0.118298	0.118298
29	Prior year taxable value, adjusted for actual and potential court-order adjustments. Enter the amount on Line 8.	$ 56,882,519,581	$ 56,882,519,581
31E	Adjusted prior year levy for calculating NNR M&O rate.	$ 67,706,266	$ 67,706,266
32	Adjusted current year taxable value. Enter the amount in Line 25.	$ 56,454,042,766	$ 57,116,146,307
33	Current year NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by $100.	0.119932	0.118541
34D	Rate adjustment for state criminal justice mandate.	0.000011	0.000011
35D	Rate adjustment for indigent health care expenditures.	0.000265	0.000263
36E	Rate adjustment for county indigent defense compensation.	0	0
37E	Rate adjustment for county hospital expenditures.	0	0
38D	Rate adjustment for defunding municipality.	0	0
39	Adjusted current year NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	0.120208	0.118815
40B	Adjustment to prior year sales tax specifically to reduce property taxes.	0.138282	0.136680
40C	Adjusted current year NNR M&O rate, after sales tax adjustment. Add Line 40B to Line 39.	0.258489	0.255495
41	Current year voter-approval M&O rate for Other Taxing Unit. Multiply Line 40C by 1.035.	0.267536	0.264437
D41	Current year voter-approval M&O rate for taxing unit affected by disaster declaration. Multiply Line 40C by 1.08.	0	0
46	Current year debt adjusted for collections.	$ 12,305,036	$ 12,305,036
47	Current year total taxable value. Enter the amount on Line 21.	$ 57,728,425,974	$ 58,390,529,515
48	Current year debt rate. Divide Line 46 by Line 47 and multiply by $100.	0.021315	0.021074
49	Current year voter-approval tax rate. Add Lines 41 and 48.	0.288851	0.285511
D49	Current year voter-approval tax rate for taxing unit affect by disaster declaration. Add Lines D41 and 48.	0	0
50	**Counties only. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.**	**0.288851**	**0.285511**
	INCREASE IN VATR RESULTING FROM 20% APPRAISAL CAP		**0.003340**

* For the HYPOTHETICAL 2024 column, Line 21 (Current year total taxable value) (in **bold text**) is the value for ACTUAL 2024 *plus* the value for Eligible Capped Properties and Deemed Capped Properties that was excluded from taxable value by the appraisal district in 2024 because of the 20% appraisal cap (CAD Data Method). All other differences in the worksheet between the ACTUAL 2024 and HYOTHETICAL 2024 columns are the result of the change to taxable value on Line 21 for HYPOTHETICAL 2024 and the operation of the formulas on the worksheet.

Source: All information in the table is from the publicly available worksheet for this county, except for the "HYPOTHETICAL 2024" column as highlighted above.

Figure 11 — Moore County Tax Rate Calculation Worksheet

MOORE COUNTY
2024 Tax Rate Calculation Worksheet
(Form 50-856, Relevant Lines Only)

NO-NEW-REVENUE TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
4	Prior year total adopted tax rate.	0.391876	0.391876
8	Prior year taxable value, adjusted.	$ 2,943,634,417	$ 2,943,634,417
14	Prior year total value.	$ 2,938,444,052	$ 2,938,444,052
17	Adjusted year prior levy with refunds and TIF adjustment.	$ 11,534,782	$ 11,534,782
21	Current year total taxable value.*	$ 2,982,813,224	**$ 2,996,163,002**
24	Total adjustments to current year taxable value.	$ 21,317,879	$ 21,317,879
25	Adjusted current year taxable value. Subtract Line 24 from Line 21.	$ 2,961,495,345	$ 2,974,845,123
26	Current year NNR tax rate. Divide Line 17 by Line 25 and multiply by $100.	0.389491	0.387744
27	**Counties only. Add together the NNR tax rates for each type of tax the county levies. The total is the current year county NNR tax rate.****	**0.464238**	**0.462154**
	INCREASE IN NNRTR RESULTING FROM 20% APPRAISAL CAP		**0.002084**

VOTER-APPROVAL TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
28	Prior year M&O tax rate.	0.391876	0.391876
29	Prior year taxable value, adjusted for actual and potential court-order adjustments. Enter the amount on Line 8.	$ 2,943,634,417	$ 2,943,634,417
31E	Adjusted prior year levy for calculating NNR M&O rate.	$ 11,554,339	$ 11,554,339
32	Adjusted current year taxable value. Enter the amount in Line 25.	$ 2,961,495,345	$ 2,974,845,123
33	Current year NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by $100.	0.390152	0.388401
34D	Rate adjustment for state criminal justice mandate.	0	0
35D	Rate adjustment for indigent health care expenditures.	0.000141	0.000141
36E	Rate adjustment for county indigent defense compensation.	0.000143	0.000142
37E	Rate adjustment for county hospital expenditures.	0	0
38D	Rate adjustment for defunding municipality.	0	0
39	Adjusted current year NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	0.390436	0.388685
40B	Adjustment to prior year sales tax specifically to reduce property taxes.	0	0
40C	Adjusted current year NNR M&O rate, after sales tax adjustment. Add Line 40B to Line 39.	0.390436	0.388685
41	Current year voter-approval M&O rate for Other Taxing Unit. Multiply Line 40C by 1.035.	0.404101	0.402288
D41	Current year voter-approval M&O rate for taxing unit affected by disaster declaration. Multiply Line 40C by 1.08.	0	0
46	Current year debt adjusted for collections.	0	0
47	Current year total taxable value. Enter the amount on Line 21.	$ 2,982,813,224	$ 2,996,163,002
48	Current year debt rate. Divide Line 46 by Line 47 and multiply by $100.	0	0
49	Current year voter-approval tax rate. Add Lines 41 and 48.	0.404101	0.402288
D49	Current year voter-approval tax rate for taxing unit affect by disaster declaration. Add Lines D41 and 48.	0	0
50	**Counties only. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.****	**0.481593**	**0.479435**
	INCREASE IN VATR RESULTING FROM 20% APPRAISAL CAP		**0.002158**

* For the HYPOTHETICAL 2024 column, Line 21 (Current year total taxable value) (in **bold text**) is the value for ACTUAL 2024 *plus* the value for Eligible Capped Properties and Deemed Capped Properties that was excluded from taxable value by the appraisal district in 2024 because of the 20% appraisal cap (CAD Data Method). All other differences in the worksheet between the ACTUAL 2024 and HYOTHETICAL 2024 columns are the result of the change to taxable value on Line 21 for HYPOTHETICAL 2024 and the operation of the formulas on the worksheet.

**Moore County levied three types of tax in 2024 and prepared a worksheet for each type. This worksheet is a consolidation of Moore County's three worksheets.

Source: All information in the table is from the publicly available worksheet for this county, except for the "HYPOTHETICAL 2024" column as highlighted above.

Figure 12: Smith County Tax Rate Calculation Worksheet

SMITH COUNTY
2024 Tax Rate Calculation Worksheet
(Form 50-856, Relevant Lines Only)

NO-NEW-REVENUE TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
4	Prior year total adopted tax rate.	0.347264	0.347264
8	Prior year taxable value, adjusted.	$ 21,923,616,608	$ 21,923,616,608
14	Prior year total value.	$ 21,641,633,319	$ 21,641,633,319
17	Adjusted year prior levy with refunds and TIF adjustment.	$ 75,403,371	$ 75,403,371
21	Current year total taxable value.*	$ 23,475,296,376	**$ 24,167,488,215**
24	Total adjustments to current year taxable value.	$ 738,690,591	$ 738,690,591
25	Adjusted current year taxable value. Subtract Line 24 from Line 21.	$ 22,736,605,785	$ 23,428,797,624
26	**Current year NNR tax rate. Divide Line 17 by Line 25 and multiply by $100.**	**0.331639**	**0.321841**
	INCREASE IN NNRTR RESULTING FROM 20% APPRAISAL CAP		**0.009798**

VOTER-APPROVAL TAX RATE WORKSHEET

Line	Description	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 Without 20% Cap
28	Prior year M&O tax rate.	0.294186	0.294186
29	Prior year taxable value, adjusted for actual and potential court-order adjustments. Enter the amount on Line 8.	$ 21,923,616,608	$ 21,923,616,608
31E	Adjusted prior year levy for calculating NNR M&O rate.	$ 64,133,417	$ 64,133,417
32	Adjusted current year taxable value. Enter the amount in Line 25.	$ 22,736,605,785	$ 23,428,797,624
33	Current year NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by $100.	0.282071	0.273737
34D	Rate adjustment for state criminal justice mandate.	0	0
35D	Rate adjustment for indigent health care expenditures.	0	0
36E	Rate adjustment for county indigent defense compensation.	0.000538	0.000522
37E	Rate adjustment for county hospital expenditures.	0	0
38D	Rate adjustment for defunding municipality.	0	0
39	Adjusted current year NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	0.282609	0.274260
40B	Adjustment to prior year sales tax specifically to reduce property taxes.	**0.124999**	**0.121306**
40C	Adjusted current year NNR M&O rate, after sales tax adjustment. Add Line 40B to Line 39.	0.407608	0.395566
41	Current year voter-approval M&O rate for Other Taxing Unit. Multiply Line 40C by 1.035.	0.421875	0.409411
D41	Current year voter-approval M&O rate for taxing unit affected by disaster declaration. Multiply Line 40C by 1.08.	0	0
46	Current year debt adjusted for collections.	$ 16,443,280	$ 16,443,280
47	Current year total taxable value. Enter the amount on Line 21.	$ 23,475,296,376	$ 24,167,488,215
48	Current year debt rate. Divide Line 46 by Line 47 and multiply by $100.	0.070045	0.068038
49	Current year voter-approval tax rate. Add Lines 41 and 48.	0.491919	0.477449
D49	Current year voter-approval tax rate for taxing unit affect by disaster declaration. Add Lines D41 and 48.	0	0
50	**Counties only. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.**	**0.491919**	**0.477449**
	INCREASE IN VATR RESULTING FROM 20% APPRAISAL CAP		**0.014470**

* For the HYPOTHETICAL 2024 column, Line 21 (Current year total taxable value) (in **bold text**) is the value for ACTUAL 2024 *plus* the value for Eligible Capped Properties and Deemed Capped Properties that was excluded from taxable value by the appraisal district in 2024 because of the 20% appraisal cap (CAD Data Method). All other differences in the worksheet between the ACTUAL 2024 and HYOTHETICAL 2024 columns are the result of the change to taxable value on Line 21 for HYPOTHETICAL 2024 and the operation of the formulas on the worksheet.

Source: All information in the table is from the publicly available worksheet for this county, except for the "HYPOTHETICAL 2024" column as highlighted above.

Appendix F: Effects of a Hypothetical 10% Appraisal Cap in 2024

If the appraisal cap analyzed in this research had been 10% instead of 20%, more value would have been removed from appraisal rolls. The value that would have been removed from the rolls of the five counties in 2024 under a 10% cap was estimated using the same formula as the calculated data method. This required an adjustment of the formula for the lost value calculation to account for the lower cap of 10%. (See "Methodology, Value Removed from the Appraisal Roll" above.) Specifically, the equation to determine the sum of lost value for all properties if the cap had been 10% is as follows:

Lost Value = Market Value 2024 – 1.10 * Market Value 2023 – New construction

This formula was applied to all eligible capped properties and deemed capped properties in the five counties that were subject to the 20% cap. But lowering the cap to 10% implies that a sample of new properties that were not subject to the 20% cap would be subject to the 10% cap. The new larger sample of properties would include 1) all properties that were subject to the 20% cap and 2) new properties that are subject to the 10% cap but not the 20% cap. To identify newly qualified properties under a 10% appraisal cap required applying the following four filters, which represent the statutory criteria in Appendix C, to the group of 444,537 properties that previously did not qualify for the 20% appraisal cap: [95]

- AJR39 = N (not a homestead):
- AJR31 = A, B, C1, C2, D2, E, F1, F2, G1–G3, J1–J9, O (belongs to a real property category);
- Last transaction date prior to Jan. 1, 2023; and
- Property value ≤ $5,000,000.

After applying these filters, the result was a set 123,039 properties that, according to the CAD data, would be subject to a 10% cap. All of these properties had AJR90 equal to zero in the CAD data because they did not qualify for the 20% cap and did not have lost value.

The formula above was applied to the set of 123,039 properties (Eligible at 10% Cap) to determine the value that would have been removed from the appraisal rolls for the newly eligible properties if the cap had been 10%. Table 22 shows the number of properties and lost value under the 20% and 10% appraisal caps by eligibility status. [96] For the 20% appraisal cap, lost value shown in the table is the lost value reported by the CADs (CAD data method) and the lost value calculated (via the calculated data method) using the formula prescribed by the Texas Comptroller.

Table 22 — Lost Value at 20% and 10% Appraisal Cap

Appraisal Cap	Properties	# Properties	Lost Value	
			CAD Data	Calculated Data
Collin County				
20%	Eligible Capped	11,296	$383,642,250	$624,347,932
	Deemed Capped	506	$26,143,083	$41,372,078
		11,802	**$409,785,333**	**$665,720,010**
10%	Eligible & Deemed Capped	11,802		$1,026,329,512
	Eligible at 10% Cap	14,449		$1,761,876,005
		26,251		**$2,788,205,517**
Harris County				
20%	Eligible Capped	44,767	$1,504,393,539	$1,682,445,585
	Deemed Capped	12,066	$963,096,617	$1,238,889,303
		56,833	**$2,467,490,156**	**$2,921,334,888**
10%	Eligible & Deemed Capped	56,833		$3,926,877,977
	Eligible at 10% Cap	18,589		$428,323,690
		75,422		**$4,355,201,667**
Midland County				
20%	Eligible Capped	48,273	$571,868,010	$720,959,968
	Deemed Capped	2,906	$90,235,531	$103,693,367
		51,179	**$662,103,541**	**$824,653,335**
10%	Eligible & Deemed Capped	51,179		$1,036,582,747
	Eligible at 10% Cap	89,900		$2,387,071,982
		141,079		**$3,423,654,729**
Moore County				
20%	Eligible Capped	1,326	$12,192,399	$15,010,091
	Deemed Capped	251	$1,157,379	$1,221,256
		1,577	**$13,349,778**	**$16,231,347**
10%	Eligible & Deemed Capped	1,577		$25,889,673
	Eligible at 10% Cap	1,576		$16,506,690
		3,153		**$42,396,363**
Smith County				
20%	Eligible Capped	11,305	$472,317,951	$526,398,631
	Deemed Capped	4,688	$219,873,888	$214,897,876
		15,993	**$692,191,839**	**$741,296,507**
10%	Eligible & Deemed Capped	15,993		$986,514,300
	Eligible at 10% Cap	7,058		$351,706,212
		23,051		**$1,338,220,512**

A breakdown across property categories is shown in Tables 23—27 for the additional value removed as a result of the 10% appraisal cap in each county.

For Collin County, a 10% appraisal cap would remove an additional $1.76 billion of property value from the appraisal roll, with 71% of the value removed coming from single-family residential housing (category A), followed by 14% of commercial real properties (category F1), and 8% of residential inventories (category O). An additional 14,449 properties would be subject to the 10% appraisal cap relative to the 20% cap.

Table 23: Collin County, Additional Lost Value at 10% Appraisal Cap

Property Type	Category	Properties	Lost Value
Single Fam	A	9,427	$1,244,756,211
Multi-Fam	B	553	$12,654,128
Vacant Lots	C1	881	$18,460,567
Farm and Ranch Imp	D2	202	$43,603,275
Rural Land	E	402	$56,943,010
Commercial	F1	1,616	$241,777,535
Mfg and Industrial	F2	23	$1,334,486
Utilities	J	73	$2,768,158
Residential Inv	O	1,272	$139,578,636
TOTAL		**14,449**	**$1,761,876,005**

For Harris County, a 10% cap would remove an additional $428.3 million of property value from the appraisal roll, with 61% coming from single-family residential housing (A), 20% from commercial real properties (F1), and 5% from vacant lots (C1). An additional 18,589 properties would be subject to the 10% appraisal cap relative to the 20% cap.

Table 24 — Harris County, Additional Lost Value at 10% Appraisal Cap

Property Type	Category	Properties	Lost Value
Single Fam	A	9,912	$260,386,046
Multi-Fam	B	430	$12,455,387
Vacant Lots	C1	4,938	$21,896,694
Farm and Ranch Imp	D2	23	$9,494,160
Rural Land	E	21	$5,526,985
Commercial	F1	1,055	$87,419,118
Mfg and Industrial	F2	80	$4,247,237
Oil and Gas	G1	504	$9,448,994
Utilities	J	936	$5,206,366
Residential Inv	O	690	$12,242,704
TOTAL		**18,589**	**$428,323,690**

For Midland County, a 10% appraisal cap would remove an additional $2.39 billion of property value from the appraisal roll, with 86% coming from oil and gas properties (G1) and 5% from single-family residential housing (A). An additional 89,900 properties would be subject to the 10% appraisal cap relative to the 20% cap.

Table 25 — Midland County, Additional Lost Value at 10% Appraisal Cap

Property Type	Category	Properties	Lost Value
Single Fam	A	2,659	$128,964,280
Multi-Fam	B	56	$1,204,223
Vacant Lots	C1	913	$40,026,850
Rural Land	E	141	$13,607,152
Commercial	F1	273	$108,233,601
Mfg and Industrial	F2	36	$9,847,453
Oil and Gas	G1	84,850	$2,043,017,292
Utilities	J	972	$42,171,133
TOTAL		**89,900**	**$2,387,071,982**

For Moore County, a 10% appraisal cap would remove an additional $16.5 million of property value from the appraisal roll, with 48% of the additional value removed coming from vacant lots (C), 17% from single-family residential housing (A), and commercial real properties (F1). An additional 1,576 properties would be subject to the 10% appraisal cap relative to the 20% cap.

Table 26 — Moore County, Additional Lost Value at 10% Appraisal Cap

Property Type	Category	Properties	Lost Value
Single Fam	A	528	$2,805,586
Multi-Fam	B	32	$213,090
Vacant Lots	C1	253	$7,861,308
Rural Land	E	36	$2,137,107
Commercial	F1	102	$2,604,945
Mfg and Industrial	F2	6	$133,702
Oil and Gas	G1	613	$531,083
Utilities	J	6	$219,869
TOTAL		**1,576**	**$16,506,690**

For Smith County, a 10% appraisal cap would remove $351.7 million of property value from the appraisal roll, with roughly 59% from single-family residential housing (A),14% from multi-family residential properties (B), and 13% from commercial real properties (F1). An additional 7,058 properties would be subject to the 10% appraisal cap relative to the 20% cap.

Table 27 — Smith County, Additional Lost Value at 10% Appraisal Cap

Property Type	Category	Properties	Lost Value
Single Fam	A	3,524	$208,312,518
Multi-Fam	B	379	$49,256,975
Vacant Lots	C1	294	$9,461,650
Farm and Ranch Imp	D2	37	$2,900,635
Rural Land	E	373	$26,448,967
Commercial	F1	474	$46,963,450
Mfg and Industrial	F2	9	$685,693
Oil and Gas	G1	1,448	$2,250,481
Utilities	J	166	$4,660,528
Residential Inv	O	354	$765,315
TOTAL		**7,058**	**$351,706,212**

Effect of a 10% Appraisal Cap on Tax Rates

Following the same methodology explained in Appendix E for the 20% appraisal cap, a 10% appraisal cap would have resulted in a higher no-new-revenue tax rate (NNRTR) and voter-approval tax rate (VATR) in each of five counties, compared to the 20% appraisal cap or no appraisal cap.

Tables 27-1 and 27-2 show that a 10% cap would have resulted in NNRTRs and VATRs that were 0.7% to 6.4% higher in the five counties, compared to no cap.

Table 27-1 — 2024 No-New-Revenue Tax Rates for the Five Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 No Cap	With 10% Cap	Increase Resulting from 10% Cap Compared to No Cap	%
Collin	0.140481	0.140206	0.142097	**0.001891**	**1.3%**
Harris	0.35176	0.35042	0.35280	**0.002380**	**0.7%**
Midland	0.121833	0.120420	0.128099	**0.007679**	**6.4%**
Moore	0.464238	0.462154	0.468838	**0.006684**	**1.4%**
Smith	0.331638	0.321841	0.341337	**0.019497**	**6.1%**

Table 27-2 — 2024 Voter-Approval Tax Rates for the Five Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 No Cap	With 10% Cap	Increase Resulting from 10% Cap Compared to No Cap	%
Collin	0.147969	0.147683	0.149649	**0.001966**	**1.3%**
Harris	0.38529	0.38381	0.38641	**0.002600**	**0.7%**
Midland	0.288851	0.285511	0.303685	**0.018174**	**6.4%**
Moore	0.481593	0.479435	0.486365	**0.006930**	**1.4%**
Smith	0.491919	0.477449	0.506238	**0.028789**	**6.0%**

In a revenue-neutral analysis (using the same methodology explained in Appendix E for the 20% appraisal cap), a 10% appraisal cap would have required the five counties to levy a higher adopted tax rate than was required under the 20% cap or if there were no appraisal cap. Table 27-3 shows that, compared to no cap, a 10% cap would have required a 0.7% to 6.2% increase in the adopted tax rate in the five counties to raise the same amount of property tax revenue as they raised in 2024.

Table 27-3 — 2024 Adopted Tax Rates for the Five Analyzed Counties

County	ACTUAL 2024 With 20% Cap	HYPOTHETICAL 2024 No Cap	With 10% Cap	Increase Resulting from 10% Cap Compared to No Cap	%
Collin	0.149343	0.149063	0.150986	**0.001923**	**1.3%**
Harris	0.38529	0.38385	0.38639	**0.002540**	**0.7%**
Midland	0.131579	0.130087	0.138190	**0.008103**	**6.2%**
Moore	0.481593	0.479447	0.486329	**0.006882**	**1.4%**
Smith	0.364231	0.353798	0.374538	**0.020740**	**5.9%**

Effect of a 10% Appraisal Cap on Tax Burden

The higher adopted tax rate that would be necessary with a 10% appraisal cap would increase the tax burden on all uncapped property, including homesteads and other

residential property. Table 27-4 shows, for each county, the median home value and the tax levy on the median home value with no cap, a 20% cap or a 10% cap. With a 10% appraisal cap in 2024, the county property tax levy on the median home value would been $8.00 to $61.78 (0.7% to 6.2%) greater than if there had been no cap.

Table 27-4 — 2024 County Property Tax on Median Home Value

		No Cap in 2024		Actual 2024 (20% Cap)				10% Cap in 2024			
County	2024 Median Home Value	Tax Rate with No Cap	Tax Levy on Median Home Value	Adopted Tax Rate	Tax Levy on Median Home Value	Increase in Tax Levy compared to No Cap	%	Tax Rate with 10%Cap	Tax Levy on Median Home Value	Increase in Tax Levy compared to No Cap	%
Collin	$ 485,000	0.149063	$ 722.96	0.149343	$ 724.31	$ 1.36	0.2%	0.150986	$ 732.28	$ 9.33	1.3%
Harris	$ 315,000	0.38385	$ 1,209.13	0.38529	$ 1,213.66	$ 4.54	0.4%	0.38639	$ 1,217.13	$ 8.00	0.7%
Midland	$ 355,900	0.130087	$ 462.98	0.131579	$ 468.29	$ 5.31	1.1%	0.138190	$ 491.82	$ 28.84	6.2%
Moore	$ 193,450	0.479447	$ 927.49	0.481593	$ 931.64	$ 4.15	0.4%	0.486329	$ 940.80	$ 13.31	1.4%
Smith	$ 297,900	0.353798	$ 1,053.96	0.364231	$ 1,085.04	$ 31.08	2.9%	0.374538	$ 1,115.75	$ 61.78	5.9%

Appendix G: Results for Collin County

In 2024, 11,802 properties in Collin County were subject to the 20% appraisal cap (total capped properties), and 444,537 were not subject to the cap (uncapped properties). For eligible capped properties, $383.6 million was removed from the appraisal roll according to the lost value reported in the CAD data. According to the calculated data method, however, the value removed from the appraisal roll should have been $624.3 million. The difference of $240.7 million is the additional value that should have been removed from the appraisal roll but was not. Table 28 shows the value of eligible capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. According to the CAD data method, 33.0% of the value removed was from commercial, manufacturing, and industrial properties, with an additional 29.8% from single-family housing and 16.4% from vacant lots.

Table 28 — Collin County, Eligible Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	3,759	$ 114,395,046	29.8%	$ 167,944,821	26.9%	$ (53,549,775)
Multi-Fam	B	109	$ 8,052,192	2.1%	$ 13,720,563	2.2%	$ (5,668,371)
Vacant Lots	C1	1,460	$ 62,809,734	16.4%	$ 74,191,144	11.9%	$ (11,381,410)
Farm and Ranch Imp	D2	115	$ -	0.0%	$ 1,363,376	0.2%	$ (1,363,376)
Rural Land	E	697	$ 21,439,909	5.6%	$ 54,711,651	8.8%	$ (33,271,742)
Comm, Mfg and Indu	F1&F2	898	$ 126,679,969	33.0%	$ 188,097,768	30.1%	$ (61,417,799)
Utilities	J's	132	$ 66,934	0.0%	$ 29,558,853	4.7%	$ (29,491,919)
Residential Inventory	O	4,126	$ 50,198,466	13.1%	$ 94,759,755	15.2%	$ (44,561,289)
	TOTAL	**11,296**	**$ 383,642,250**		**$ 624,347,932**		**$ (240,705,682)**

For deemed capped properties, $26.1 million was removed from the appraisal roll according to the lost value reported in the CAD data. Whether this value was, in fact, eligible for removal from the appraisal roll was unclear from the CAD data in some instances and doubtful in others. Table 29 shows the value of deemed capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. For deemed capped properties, 51% of the value removed from the appraisal roll was for mobile homes, which are personal property.

Table 29 — Collin County, Deemed Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	103	$ 5,198,414	19.9%	$ 14,283,192	34.5%	$ (9,084,778)
Multi-Fam	B	5	$ 461,155	1.8%	$ 461,155	1.1%	$ 0
Vacant Lots	C1	16	$ 668,840	2.6%	$ 656,408	1.6%	$ 12,432
Rural Land	E	6	$ 209,579	0.8%	$ 209,579	0.5%	$ 0
Comm, Mfg and Indu	F1/F2	45	$ 6,151,461	23.5%	$ 12,353,165	29.9%	$ (6,201,704)
Mobile Homes	M1	324	$ 13,320,254	51.0%	$ 13,275,199	32.1%	$ 45,055
Residential Inventory	O	7	$ 133,380	0.5%	$ 133,380	0.3%	$ -
	TOTAL	**506**	**$ 26,143,083**		**$ 41,372,078**		**$ (15,228,995)**

Appendix H: Results for Harris County

In 2024, 56,833 properties in Harris County were subject to the 20% appraisal cap (total capped properties), and 1,708,105 were not subject to the cap (uncapped properties).

For eligible capped properties, $1,504.4 million was removed from the appraisal roll according to the lost value reported in the CAD data. According to the calculated data method, however, the value removed from the appraisal roll should have been $1,682.4 million. This implies an additional $178.05 million was eligible to be removed from the appraisal roll but was not. Table 30 shows the value of eligible capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. According to the CAD data method, 34.8% of the value removed was from commercial, manufacturing, and industrial properties, with an additional 28.6% from vacant lots and 26.5% from single-family housing.

Table 30 — Harris County, Eligible Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	17,728	$ 398,825,269	26.5%	$ 418,452,018	24.9%	$ (19,626,749)
Multi-Fam	B	889	$ 64,818,834	4.3%	$ 62,643,656	3.7%	$ 2,175,178
Vacant Lots	C1	14,608	$ 430,369,264	28.6%	$ 471,181,469	28.0%	$ (40,812,205)
Farm and Ranch Imp	D2	6	$ -	0.0%	$ 335,769	0.0%	$ (335,769)
Rural Land	E	276	$ 58,187,700	3.9%	$ 67,571,345	4.0%	$ (9,383,645)
Comm, Mfg and Indu	F1/F2	4,263	$ 523,272,741	34.8%	$ 525,711,584	31.2%	$ (2,438,843)
Oil & Gas	G1	3,260	$ -	0.0%	$ 89,369,587	5.3%	$ (89,369,587)
Utilities	J's	1,996	$ 9,926,537	0.7%	$ 9,914,547	0.6%	$ 11,990
Residential Inventory	O	1,741	$ 18,993,194	1.3%	$ 37,265,610	2.2%	$ (18,272,416)
	TOTAL	**44,767**	**$ 1,504,393,539**		**$ 1,682,445,585**		**$ (178,052,046)**

A data entry error appears to have affected the application of the appraisal cap to oil and gas properties in Harris County. For eligible capped properties, Table 30 shows that there were 3,260 oil and gas properties in category G1 eligible for the appraisal cap, according to the statutory criteria. However, the CAD data method shows that the appraisal cap was not applied to any of those properties. Upon closer examination of the CAD data, the value of all category G1 properties was found to be erroneously recorded as the value of personal property (in field AJR38), which caused the properties to appear ineligible for the appraisal cap as personal property. By the calculated data method, $89.4 million of value in category G1 was eligible for removal as a result of the appraisal cap.

For deemed capped properties, $963.1 million was removed from the appraisal roll according to the lost value reported in the CAD data. Whether this value was, in fact, eligible for removal from the appraisal roll was unclear from the CAD data in some instances and doubtful in others. Table 31 shows the value of deemed capped

properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods.

Table 31 — Harris County, Deemed Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	3,508	$ 145,695,803	15.1%	$ 586,678,757	47.4%	$ (440,982,954)
Multi-Fam	B	508	$ 39,689,272	4.1%	$ 34,572,541	2.8%	$ 5,116,731
Vacant Lots	C1	4,278	$ 217,588,453	22.6%	$ 256,707,324	20.7%	$ (39,118,871)
Rural Land	E	218	$ 106,086,300	11.0%	$ 91,048,889	7.3%	$ 15,037,411
Comm, Mfg and Indu	F1/F2	3,243	$ 446,071,475	46.3%	$ 209,745,236	16.9%	$ 236,326,239
Utilities	Js	2	$ 895,684	0.1%	$ -	0.0%	$ 895,684
Residential Inventory	O	309	$ 7,069,630	0.7%	$ 60,136,555	4.9%	$ (53,066,925)
	TOTAL	**12,066**	**$ 963,096,617**		**$ 1,238,889,303**		**$ (275,792,686)**

For deemed capped properties in Harris County, the two data methods lead to large disparities in the treatment of single-family housing (15.1% under the CAD method and 47.4% under the calculated data method) as well as commercial, manufacturing, and industrial properties (46.3% under the CAD method and 16.9% under the calculated data method).

Appendix I: Results for Midland County

In 2024, 51,179 properties in Midland County were subject to the 20% appraisal cap (total capped properties), and 423,165 were not subject to the cap (uncapped properties).

For eligible capped properties, $571.9 million was removed from the appraisal roll according to the lost value reported in the CAD data. According to the calculated data method, however, the value removed from the appraisal roll should have been $721 million. This implies an additional $149.1 million was eligible to be removed from the appraisal roll but was not. Table 32 shows the value of eligible capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. According to the CAD data method, 80.9% of the value removed was from oil and gas properties and 15.3% was from commercial, manufacturing, and industrial properties. Single-family housing was only 3% of the total value removed. However, the calculated data method implies that the value of single-family housing removed from the appraisal roll should have been 18.8% instead of 3%, or $135.6 million instead of $17.2 million.

Table 32 — Midland County, Eligible Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	1,503	$ 17,214,528	3.0%	$ 135,625,727	18.8%	$ (118,411,199)
Multi-Fam	B	14	$ 314,634	0.1%	$ 3,870,300	0.5%	$ (3,555,666)
Vacant Lots	C1	59	$ 1,851,561	0.3%	$ 2,463,053	0.3%	$ (611,492)
Rural Land	E	46	$ 2,488,790	0.4%	$ 4,648,896	0.6%	$ (2,160,106)
Comm, Mfg and Indu	F1/F2	195	$ 87,558,171	15.3%	$ 99,371,103	13.8%	$ (11,812,932)
Oil & Gas	G1	46,132	$ 462,438,720	80.9%	$ 474,974,707	65.9%	$ (12,535,987)
Utilities	J's	324	$ 1,606	0.0%	$ 6,182	0.0%	$ (4,576)
	TOTAL	**48,273**	**$ 571,868,010**		**$ 720,959,968**		**$ (149,091,958)**

For deemed capped properties, $90.2 million was removed from the appraisal roll according to the lost value reported in the CAD data. Whether this value was, in fact, eligible for removal from the appraisal roll was unclear from the CAD data in some instances and doubtful in others. Table 33 shows the value of deemed capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. For deemed capped properties, 90.2% of the value removed from the appraisal roll was from three property categories: 44.9% from oil and gas, 32.6% from commercial, manufacturing, and industrial properties, and 12.7% from commercial personal property.

Deemed capped properties includes $11.4 million of lost value for commercial personal property (category L1) and $1,112 of lost value for mobile homes (category M1). The application of the cap to these properties appears to be a data entry error since

personal property is not eligible for the appraisal cap. Minerals valued at less than $500 (category XC) are exempt from property tax, which makes the appraisal cap superfluous. These properties are included for both the CAD and the calculated data methods, because no independent judgments about eligibility were made for the calculated data method.

Table 33 — Midland County, Deemed Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	34	$ 913,776	1.0%	$ 984,404	0.9%	$ (70,628)
Multi-Fam	B	1	$ 191,481	0.2%	$ 82,582	0.1%	$ 108,899
Vacant Lots	C1	36	$ 631,963	0.7%	$ 631,962	0.6%	$ 1
Qualified Open Sp Land	D1	1	$ 3,604	0.0%	$ -	0.0%	$ 3,604
Rural Land	E	9	$ 639,522	0.7%	$ 578,154	0.6%	$ 61,368
Comm, Mfg and Indu	F1/F2	98	$ 29,391,998	32.6%	$ 24,945,720	24.1%	$ 4,446,278
Oil and Gas	G1	1,804	$ 40,492,950	44.9%	$ 58,539,682	56.5%	$ (18,046,732)
Utilities	Js	87	$ 6,480,266	7.2%	$ 6,480,260	6.2%	$ 6
Personal Prop: Comm	L1	12	$ 11,442,900	12.7%	$ 11,442,900	11.0%	$ -
Mobile Homes	M1	2	$ 1,112	0.0%	$ 1,112	0.0%	$ -
Mineral < $500	XC	822	$ 45,959	0.1%	$ 6,590	0.0%	$ 39,369
	TOTAL	**2,906**	**$ 90,235,531**		**$ 103,693,367**		**$ (13,457,836)**

Appendix J: Results for Moore County

In 2024, 1,577 properties in Moore County were subject to the 20% appraisal cap (total capped properties), and 41,292 were not subject to the cap (uncapped properties). For eligible capped properties, $12.2 million was removed from the appraisal roll according to the lost value reported in the CAD data. According to the calculated data method, however, the value removed from the appraisal roll should have been $15 million. This implies an additional $2.8 million was eligible to be removed from the appraisal roll but was not. Table 34 shows the value of eligible capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. According to the CAD data method, 58% of the value removed was from commercial, manufacturing, and industrial properties. Residential housing properties accounted for 21.1% of the value removed and oil and gas properties accounted for 17.6%.

Table 34 — Moore County, Eligible Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	212	$ 1,336,989	11.0%	$ 1,554,468	10.4%	$ (217,479)
Multi-Fam	B	58	$ 1,233,459	10.1%	$ 1,269,139	8.5%	$ (35,680)
Vacant Lots	C1	20	$ 88,948	0.7%	$ 251,154	1.7%	$ (162,206)
Farm and Ranch Imp	D2	49	$ -	0.0%	$ 627,428	4.2%	$ (627,428)
Rural Land	E	37	$ 312,093	2.6%	$ 1,355,819	9.0%	$ (1,043,726)
Comm, Mfg and Indu	F1/F2	230	$ 7,073,998	58.0%	$ 7,776,369	51.8%	$ (702,371)
Oil and Gas	G1	720	$ 2,146,912	17.6%	$ 2,175,714	14.5%	$ (28,802)
	TOTAL	**1,326**	**$ 12,192,399**		**$ 15,010,091**		**$ (2,817,692)**

For deemed capped properties, $1.2 million was removed from the appraisal roll according to the lost value reported in the CAD data. Whether this value was, in fact, eligible for removal from the appraisal roll was unclear from the CAD data in some instances and doubtful in others. Table 35 shows the value of deemed capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. For deemed capped properties, 44.8% of the value removed from the appraisal roll was from commercial, manufacturing, and industrial properties and 22.4 % was from single-family housing.

Deemed capped properties includes $220,487 of lost value for mobile homes (category M1) and $4,135 of lost value for mineral properties valued at less than $500 (category XC). The application of the cap to these properties appears to be a data entry error. Mobile homes (category M1) are personal property and therefore are not eligible for the appraisal cap. Minerals valued at less than $500 (category XC) are exempt from property tax, which makes the appraisal cap superfluous. These properties are included for both the CAD and the calculated data methods, because no independent judgments about eligibility were made for the calculated data method.

Table 35 — Moore County, Deemed Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	3	$ 259,139	22.4%	$ 273,970	22.4%	$ (14,831)
Vacant Lots	C1	3	$ 17,478	1.5%	$ -	0.0%	$ 17,478
Farm and Ranch Imp	D2	1	$ 474	0.0%	$ 650	0.1%	$ (176)
Rural Land	E	6	$ 136,462	11.8%	$ 136,286	11.2%	$ 176
Comm, Mfg and Indu	F1/F2	3	$ 518,918	44.8%	$ 523,074	42.8%	$ (4,156)
Oil and Gas	G1	2	$ 286	0.0%	$ 286	0.0%	$ (0)
Mobile Homes	M1	50	$ 220,487	19.1%	$ 286,990	23.5%	$ (66,503)
Mineral < $500	XC	183	$ 4,135	0.4%	$ -	0.0%	$ 4,135
	TOTAL	**251**	**$ 1,157,379**		**$ 1,221,256**		**$ (63,877)**

Appendix K: Results for Smith County

In 2024, 15,993 properties in Smith County were subject to the 20% appraisal cap (total capped properties), and 169,637 were not subject to the cap (uncapped properties).

For eligible capped properties, $472.3 million was removed from the appraisal roll according to the lost value reported in the CAD data. According to the calculated data method, however, the value removed from the appraisal roll should have been $526.4 million. This implies an additional $54.1 million was eligible to be removed from the appraisal roll but was not. Table 36 shows the value of eligible capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. According to the CAD data method, residential housing properties (categories A and B) accounted for 48.8% of the value removed from the appraisal roll and 36.9% of the value removed was from commercial, manufacturing, and industrial properties.

Table 36 — Smith County, Eligible Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	6,793	$ 188,537,848	39.9%	$ 209,683,412	39.8%	$ (21,145,564)
Multi-Fam	B	703	$ 42,081,407	8.9%	$ 51,227,335	9.7%	$ (9,145,928)
Vacant Lots	C1	793	$ 38,313,697	8.1%	$ 43,022,701	8.2%	$ (4,709,004)
Farm and Ranch Imp	D2	1	$ -	0.0%	$ 39,343	0.0%	$ (39,343)
Rural Land	E	571	$ 21,678,060	4.6%	$ 24,015,927	4.6%	$ (2,337,867)
Comm, Mfg and Indu	F1/F2	1,234	$ 174,321,568	36.9%	$ 189,302,711	36.0%	$ (14,981,143)
Oil & Gas	G1	1,119	$ 4,489,808	1.0%	$ 6,143,737	1.2%	$ (1,653,929)
Utilities	J's	21	$ 303,970	0.1%	$ 304,673	0.1%	$ (703)
Residential Inventory	O	70	$ 2,591,593	0.5%	$ 2,658,792	0.5%	$ (67,199)
	TOTAL	**11,305**	**$ 472,317,951**		**$ 526,398,631**		**$ (54,080,680)**

For deemed capped properties, $219.9 million was removed from the appraisal roll according to the lost value reported in the CAD data. Whether this value was, in fact, eligible for removal from the appraisal roll was unclear from the CAD data in some instances and doubtful in others. Table 37 shows the value of deemed capped properties removed from the appraisal roll by property category, determined by the CAD and calculated data methods. For deemed capped properties, 43.8% of the value removed from the appraisal roll was for commercial, manufacturing, and industrial properties, with an additional 29.2% for single-family housing.

Table 37 — Smith County, Deemed Capped Properties

Property Type	Category	# Properties	Lost Value per CAD Data Method	% Total	Lost Value per Calculated Data Method	% Total	Overstatement (Understatement) of Lost Value
Single Fam	A	2,219	$ 64,194,292	29.2%	$ 62,421,276	29.0%	$ 1,773,016
Multi Fam	B	234	$ 17,086,860	7.8%	$ 14,097,803	6.6%	$ 2,989,057
Vacant Lots	C1	295	$ 16,323,059	7.4%	$ 16,323,056	7.6%	$ 3
Rural Land	E	688	$ 23,936,494	10.9%	$ 23,722,580	11.0%	$ 213,914
Comm, Mfg and Indu	F1/F2	664	$ 96,246,539	43.8%	$ 96,246,550	44.8%	$ (11)
Oil and Gas	G1	566	$ 1,718,481	0.8%	$ 1,718,449	0.8%	$ 32
Utilities	Js	7	$ 283,839	0.1%	$ 283,838	0.1%	$ 1
Residential Inventory	O	15	$ 84,324	0.0%	$ 84,324	0.0%	$ -
	TOTAL	**4,688**	**$ 219,873,888**		**$ 214,897,876**		**$ 4,976,012**

Acknowledgements

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Notes

[1] Tex. Tax Code § 23.231(d).
[2] Acts 2023, 88th Leg., 2nd C.S., Ch. 1 (SB 2), Secs. 4.03, 8.05; Tex. Tax Code § 23.231(b), (j).
[3] Tex. Tax Code § 23.231(k); Tex. Const. art. VIII, § 1(n-1).
[4] The 10% appraisal cap for homesteads is authorized in Article VIII, Section 1(i) of the Texas Constitution and enabled by Section 23.23 of the Texas Tax Code.
[5] Texas Comptroller of Public Accounts, "Regional Reports — 2024 Edition," accessed Feb. 20, 2025, https://comptroller.texas.gov/economy/economic-data/regions/2024/.
[6] Tex. Tax Code §§ 6.01, 25.01.
[7] 34 Tex. Admin. Code § 9.3059(a); Tex. Tax Code § 5.09.
[8] Texas Comptroller of Public Accounts, "Electronic Appraisal Roll Submission: Record Layout and Instructions Manual," February 2024, https://comptroller.texas.gov/taxes/property-tax/docs/96-1051.pdf; Tex. Tax Code § 23.231(d)(2). The Comptroller's formula appears to depart slightly from statute, in that the Comptroller's formula substitutes market value 2024 and market value 2023 for each year's "appraised value" in the statute. See Tex. Tax Code § 23.231(d)(2). However, this substitution is not a departure of the formula from statute but rather a translation of the statutory language to the format of the electronic appraisal rolls. The prescribed format for appraisal rolls does not have a field for "appraised value" and instead requires fields for last year's market value (AJR33) and the current year market value (AJR35–AJR37 for real property).
[9] The Comptroller's formula does not prescribe the fields in the electronic appraisal roll that should be used to calculate the value entered in AJR90. For the calculated data method, the following formula was used for determining the amount of value lost to the 20% appraisal cap: Lost Value 2024 = (AJR35 + AJR36 + AJR37) – 1.2*AJR33 – AJR19. See note 8.
[10] Texas Comptroller, "Electronic Appraisal Roll Submission."
[11] Texas Comptroller, "Electronic Appraisal Roll Submission; Tex. Tax Code § 23.231(d)(2); see note 10.
[12] Tex. Tax Code § 23.231; Tex. Const. art. VIII, § 1(n).
[13] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance," accessed February 20, 2025, https://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance; Jared Walczak, "Property Tax Limitation Regimes: A Primer," Tax Foundation, April 23, 2018, https://taxfoundation.org/research/all/state/property-tax-limitation-regimes-primer/; Kauai County Ordinances Title III, § 5A-11A.3; Hawaii County Code § 19-53(g)-(h).

[14] Bethany P. Paquin, "Chronicle of the 161-Year History of State-Imposed Property Tax Limitations," Lincoln Institute of Land Policy, Working Paper No. WP15BP1, 2015.
[15] See Table 15; Louisiana Constitution, Art VII §18; Texas Constitution, Art. VIII, § 1(n-1).
[16] N.Y. Real Property Tax Law § 1805.
[17] South Carolina Code § 12-37-3140; South Carolina Constitution, Art. X § 6.
[18] California Revenue & Tax Code § 51; California Constitution, Art. 13A, § 2.
[19] Oregon Revenue Statute § 308.146; Oregon Constitution, Art. XI, § 11.
[20] Kauai County Ordinances Title III, § 5A-11A.3; Hawaii County Code § 19-53(g)–(h).
[21] Connecticut General Statute § 12-62c.
[22] O.C.G.A. § 48-5-44.2(a)(2)(B); Georgia Constitution Amendment 1, 2024; Jeff Amy, "Georgians Voted to Limit Property Taxes on Homes. Many School Districts Are Opting Out," AP News, January 25, 2025, https://apnews.com/article/georgia-education-schools-property-tax-homeowners-value-f4eb31ec222bd5f62fed8716dca63c5e.
[23] Alabama Code § 40-7-2.2; Tex. Tax Code § 23.23 (2023).
[24] Appraisal cap laws usually exclude property that is sold, transferred, or significantly improved.
[25] Not all states' assessment limits are similar in terms of design. Most are based on a property's assessment value over a certain percentage basis. However, Colorado's Gallagher Amendment (appealed in 2020) was a formula-based program that essentially imposed an assessment limit for residential properties. In addition, Louisiana's assessment limit phases in an increased appraisal value over a certain threshold across four years. Connecticut has a local phase-in option but no specific threshold.
[26] Walczak.
[27] Nathan Anderson, "Property Tax Limitations: An Interpretative Review," *National Tax Journal*, 59(3), September 2006, https://www.journals.uchicago.edu/doi/10.17310/ntj.2006.3.18.
[28] John Winters, "Property Tax Limitations," Fiscal Research Center, Georgia State University, June 2008, https://cslf.gsu.edu/files/2014/06/property_tax_limitations.pdf.
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[90] Tex. Tax Code §§ 26.04(c)(2)(A), 26.042(a); Form 50–856, Lines 8, 28–50.
[91] The term "property tax levy" means the amount of tax paid or collected on property. The term can refer to either the amount of property tax an individual property owner is required to pay on their property or the total amount of property tax that a taxing unit requires all property owners to pay on all property within the taxing unit. The Tax Code does not define the term "property tax levy" but does define variations on the term. For example, "last year's levy" is defined as "the amount of taxes that would be generated by multiplying the total tax rate adopted by the governing body in the preceding year by the total taxable value of property on the appraisal roll for the preceding year": Tex. Tax Code § 26.012(13)(A).
[92] Tex. Tax Code §§ 26.012(4), (18), (19)(a).
[93] Tex. Tax Code §§ 23.01, 25.01(a), 26.01(a).
[94] For one example, see the City of Houston's Fiscal Year 2024 Budget Workshop Schedule, specifically the budget workshops held in 2024 on May 17–18 and May 22–25, accessed Feb. 20, 2025, https://www.houstontx.gov/council/committees/fy24workshops/calendar.pdf.
[95] See Appendix D for details on the filters. None of these 444,537 properties had positive AJR90; as such, this filter is not necessary.
[96] For an explanation of eligible capped properties and deemed capped properties, see "Methodology" section on Page 8.