

## **Circuit Breaker Limitation on Appraised Value of Real Property Other Than Residence Homestead.**

The Circuit Breaker Limitation of value for qualifying properties becomes effective for the 2024 tax year only, prior years do not qualify. The Circuit Breaker Limitation does not apply to all properties. The following properties are not eligible for the limitation:

1. Business Personal Property – Example: Furniture/Fixtures, Machinery/Equipment, Inventory etc
2. Properties that are receiving a Homestead Exemption
3. Land that is receiving 1-d-1 Open Space Agricultural Valuation
4. For 2024 tax year, the Circuit Breaker Limitation applies only to property with an appraised value of not more than \$5 million.

Circuit Breaker Limitation takes effect on January 1 of the tax year after the owner has owned the property for a full calendar year. Once property qualifies, it continues to apply until the ownership changes. If there is an ownership change, the Circuit Breaker Limitation will no longer apply on January 1 of the tax year following the tax year in which the owner of the property ceases to own the property.

In addition to limiting certain types of property, the Legislature also limited qualifying properties based upon their appraised value. For the 2024 tax year, the Circuit Breaker Limitation applies only to real property with an appraised value of not more than \$5 million. For 2025 and subsequent tax years, the Comptroller is responsible for determining the maximum appraised value.

The Circuit Breaker Limitation will be applied to qualifying properties that the market value increased 20 percent or more from the prior year. Qualifying properties that the market value did not increase 20 percent or more from the prior tax year will be appraised at the current market value without a Circuit Breaker Limitation. New improvements added for the current year do not qualify for the limitation and is appraised at market value.

If your property has a 20 percent Circuit Breaker Limitation applied the market value will remain as the appraisal district determined the value is but you will only pay taxes on 20 percent more on the assessed value from the prior year.

### **EXAMPLE:**

2023 Market Value 2 million

2024 Market Value 3 million

2024 Taxable Value is 2.4 million – (2.0 million x 1.20= 2.4 million)