



MARKET VALUE AND HOMESTEAD CAP

Grayson Central Appraisal District/ 512 N. Travis Street, Sherman, Texas 75090/ 903-893-9673 - Phone/ 903-892-3835 - Fax/www.graysonappraisal.org

When you received your Notice of Appraised Value this year, you may have noticed several different values printed on it. Having multiple and different values on the notice can be confusing, especially with regard's to the Homestead Exemption and the "homestead cap". Below, we have attempted to clarify the differences between two of these values and to explain how the homestead cap affects these values.

Market Value:

Per the Texas Property Tax Code, all taxable property must be valued at 100% of market value as of January 1 each year. This value is shown on your notice as "Total Market Value". **Because it is based on recent sales, the Total Market Value may change upwards or downwards any amount depending on recent market trends and IS NOT limited to increases of 10% or more. It may change as much as the current market changes.**

Appraised Value ("Homestead Cap Value"):

Per the Texas Property Tax Code, an exemption for taxation is available to an individual's primary residence. One of the features of the exemption is a limit to the amount that the value for taxation can increase from one year to the next. This limit is frequently referred to as the "homestead cap". The "capped" value is shown as the "Assessed Value" and is located at the bottom of the list of values on your notice or online. **The assessed value IS limited by the Homestead Exemption and may not go up more than 10% in one year in most cases as long as the exemption was in place for the prior year for the current owner. This number is calculated using the previous year's Assessed Value and a "cap" of 10%.** (The limitation takes effect to a residence homestead on January 1 of the tax year following the first year the owner qualifies the property for the residential homestead exemption. [Sec. 23.23(c) Texas Property Tax Code])

For example:

In the year 20XX, a property with a Homestead Exemption had a market value of \$136,400 and an assessed value of \$61,000. For the year 20YY, the subject's market value increased to \$145,300, but the assessed value is limited to the previous year's assessed value (\$61,000) plus 10% of that value (\$61,000 x 10% = \$6,100). The assessed value for the year of 20YY is \$67,100. This taxpayer's value for taxes is starting at \$67,100 instead of \$145,300 in the year of 20YY.

This example would look like the following summary on the 20YY Notice of Appraised Value:

Appraisal Information	Last Year - 20XX	Proposed - 20YY
Market Value of Improvements (Structures / Buildings, etc.)	99,100	92,400
Market Value of Non Ag/Timber Land	37,300	52,900
Market Value of Ag/Timber Land		
Market Value of Personal Property/Minerals		
Total Market Value	136,400	145,300
Productivity Value of Ag/Timber Land		
Appraised Value	61,000	67,100
Homestead Cap Value/Circuit Breaker Limitation	61,000	67,100
Exemptions (DV - Disabled Vet; DP-Disabled Person; HS-Homestead; OV65-Over65)	HS	HS

Appraised Value ("Circuit Breaker Limitation"):

Per the Texas Comptroller: "Tax Code Section 23.231 sets a limit on the amount of annual increase to the appraised value of real property other than a residence homestead to not exceed the lesser of: the property's market value; or the sum of: 20 percent of the property's appraised value for the preceding year; the property's appraised value for the preceding year; and the market value of all new improvements to the property. The circuit breaker limitation applies only to real property that is not a residence homestead and is: valued at \$5 million or less; and not real property that qualifies for special appraisal as: agricultural land; timberland; recreational, park and scenic land; public access airport property; or restricted-use timberland. A new improvement is an improvement to real property made after the most recent appraisal that increases the property's market value and was not included in the its appraised value in the preceding tax year. It does not include repairs to or ordinary maintenance of an existing structure, the grounds or another property feature. A replacement structure for one rendered uninhabitable or unusable by a casualty, wind or water damage does not qualify as a new improvement under certain circumstances. The circuit breaker limitation takes effect on Jan. 1 of the tax year following the first year the owner owns the property on Jan. 1. It expires on Jan. 1 following the year the property owner no longer owns the property."

Do I have a homestead exemption?

A property with a homestead exemption will have an "HS" code listed in the Exemptions row on the Notice Of Appraised Value and on Grayson Central Appraisal District website: www.graysonappraisal.org

Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information regarding the amount of taxes that each entity that taxes your property will impose if the entity adopts its proposed tax rate. **Your local property tax database will be updated regularly during August and September as local elected officials propose and adopt the property tax rates that will determine how much you pay in property taxes. The governing body of each unit decides whether or not property taxes will increase. The appraisal district only determines the value of your property. "The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials."**