

Texas' 20% Appraisal Cap Shows Limited Impact for Taxpayers

A report from the Center for Tax and Budget Policy at Rice University's Baker Institute for Public Policy and the TTARA Research Foundation examined the impact of the 20% appraisal cap enacted by the 88th Texas Legislature on both taxpayers and local government revenues. The study analyzed outcomes for 2024 in five counties: Collin, Harris, Midland, Moore, and Smith.

Key Takeaway

The appraisal cap's results were mixed. Some taxpayers saw property tax savings, but the five counties studied saw higher county tax rates and overall property tax levies in 2024.

While property taxes were lower for a small share of taxpayers in the counties studied, the appraisal cap led to tax increases on uncapped properties and higher total county property taxes than would have been realized without the cap.

Data Highlights

- 1** The appraisal cap removed \$4.2 billion from the property tax roll in the five counties studied — only 0.4% of the total taxable value that would have been realized without the cap.
- 2** Because taxing units raised tax rates to offset the reduction in taxable value, the appraisal cap led to higher tax rates in all five counties examined.
- 3** The appraisal districts applied the appraisal cap inconsistently, sometimes removing too little value from tax rolls and sometimes too much. Roughly \$1.3 billion in property value was removed from appraisal rolls for properties that appeared to be ineligible for the cap.

4 The increase in property tax levies on non-capped properties slightly outweighed the decrease in levies on capped properties, leading to an overall tax increase in each county. The cap also led to a small tax increase on the median home value, including homesteads, in each county.

5 If the appraisal cap had been lower than 20% or more properties had been eligible for the cap, significantly more value would have been removed from the appraisal rolls, leading to more pronounced increases in tax rates and tax levies on uncapped properties.

The research confirms that appraisal caps are not an efficient or equitable way to reduce property taxes in Texas.

Read the full report:

"The Surprising Impact of the 20% Appraisal Cap in Texas," Rice University's Baker Institute for Public Policy, September 9, 2025, bakerinstitute.org/texas-appraisal-cap-2025



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