



PALO PINTO APPRAISAL DISTRICT

Understanding the Notice of Appraised Value

Why Did My Market Value Increase?

In Texas, the law requires that all property must be appraised at **market value** as of **January 1st** each year. The **market value** of a property refers to the price it would sell for under normal conditions in an open and competitive market.

What is a Homestead Cap Loss (HSCAP LOSS) on the Value Notice?

A **homestead cap loss** refers to the difference between a property's **market value** and its **capped (appraised) value** due to the **homestead exemption is 10% appraisal cap** for tax purposes.

How the Texas Homestead Cap Works

- In Texas, the **appraised value** of a homesteaded property **cannot increase by more than 10% per year**, plus any changes or improvements, regardless of how much the **market value** rises.
- This cap applies only to properties with a homestead exemption and helps limit tax increases for homeowners.
- The **homestead cap loss** is the difference between the **market value** and the **capped appraised value** when the cap is in effect.

The **homestead cap loss** decreases each year as the appraised value of your home increases. Over time, the gap between the appraised value and market value gets smaller, reducing the cap loss. Once the appraised value matches the market value, the cap loss is gone. This cap loss does not mean the homeowner loses money, but it reflects the difference in taxable value. When a property is sold, **the new owner will typically pay taxes on the full market value**, which could result in higher taxes.

How a Homestead Cap Loss Occurs in Texas

- If property values increase significantly, the **market value** may grow much faster than the **capped (appraised) value** used for taxation.
- The **homestead cap loss** represents the amount of value that is shielded from taxation under the cap.
- If a homeowner sells the property or **removes the homestead exemption**, the cap is lifted, and the taxable value resets to the full market value.

Example of Appraisal Cap Loss in Texas

- Market Value: \$400,000
- Capped Appraised Value (Due to Appraisal Cap): \$350,000
- Homestead cap Loss: \$50,000

What is a Circuit Breaker Cap Loss (CBCAP LOSS) on the Value Notice?

Similar to the **Cap Loss for homesteads**, this limitation to **real property other than a homestead**, restricting the **appraised value** from increasing by more than **20% per year**, with some exceptions.

Where Can I Find My Estimated Taxes?

Beginning in August, you can find your estimated property taxes by visiting [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes). This site provides a link to your **local property tax database**, where you can easily access detailed information about your property taxes. Your local property tax database includes:

- The estimated amount of taxes each taxing entity will impose on your property if it adopts its proposed tax rate.
- Regular updates throughout **August and September**, as local elected officials propose and finalize property tax rates that determine your total tax bill.