

Correction: 2025 Property Tax Exemption Update

O'Connor issues a correction about the 2025 property tax exemption update.

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O'Connor is issuing a correction to the following press release originally distributed in January 2026 regarding 2025 property tax changes.

In the original release, the Business Personal Property (BPP) exemption amount was incorrectly stated as \$1,250,000. The correct exemption amount is \$125,000. We regret the error and have updated the information across our owned

channels to reflect the accurate figure. This correction is intended to ensure that property owners, taxpayers, and industry stakeholders have accurate information when reviewing property tax requirements.

As 2026 begins, it is time to reflect on how the Lone Star State fared in 2025 when it came to property taxes. As the largest single annual bill for many Texans, property taxes can be a large obstacle to future financial planning. There were several developments in 2025 that should shape how these taxes are used in the future, as well as their current impact on Texans statewide. Thanks to recent legislation, there has been a move toward more tax relief, including big savings to end the year. There are also possible plans to increase these savings even further.

Along with Illinois, Texas was at the heart of a growing property tax rebellion across the nation. As homes have become more unaffordable than ever, homeowners and prospective buyers across the country are pushing to lower taxes to sane levels. While not to the same extreme as



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The Biggest Texas Property Tax News of 2025

Illinois, Texas is still one of the highest-taxed states when it comes to property, so the larger the change, the better the reward for the average taxpayer. Even renters would be spared, as landlords often pass the cost of taxes to their tenants. 2025 was a step in the right direction and only time will tell if even more changes are coming down the road.

Texas Property Taxes Reach New Heights

Property taxes across Texas have been steadily climbing for the past decade, reaching a record \$125.05 billion levied statewide in 2024, based on the most recent data from the Texas Comptroller. In 2014, the total was only \$49.06 billion, a growth of 160.12%. The total market value for all Texas properties combined was \$6.42 trillion in 2024. While 2025 numbers are still being compiled, it appears that all of these metrics will continue to soar. This is due to economic growth, an increasing demand for existing properties, and especially new construction. For instance, Harris County added 6.7% in taxable home values in 2025, followed by a business spike of 7.7%. Travis County, generally the hottest property market in the state, saw only a 0.7% increase in home values, while businesses jumped by 14.7% in value. It was not uncommon for one category of property values to soar while the other only edged up. Still, all moved up, with very few exceptions.

Property Tax Appeals Set Records

Property taxes and values may have been booming in 2025, but taxpayers fought back with tax appeals and protests in numbers never seen before. These appeals were not just numerous, but also incredibly effective in countering rising costs. Commercial appeals in Travis County, for instance, were able to cut over 9% from the total, almost wiping out the previous value gain. Homes even managed to roll back some of 2024's increases by seeing an overall drop of 4.6%. Travis County sees some of the highest engagement with appeals in the state, with over one-third of all properties being protested every year.

Every major county in Texas was able to save money to some degree thanks to growing engagement with appeals, especially formal protests with the appraisal review board (ARB). Formal protests do require a lot more evidence to achieve a victory, but they are usually worth it, especially in high-dollar counties. ARB appeals were instrumental in counties like Galveston, Denton, Collin, and Fort Bend, where they dwarfed informal appeals and helped tip the scales in favor of the taxpayer. While the trend has been going for years, 2025 cemented hearings before the ARB as a true cornerstone for major counties across the state.

Flood Victims Land Emergency Exemptions

The biggest event to strike Texas in 2025 was the flooding that raged in the Hill Country. While the human toll was truly devastating, property was also ravaged. To help people who lost everything or suffered damage thanks to this unprecedented disaster, homeowners in the affected area were able to get emergency exemptions. The Temporary Disaster Exemption

granted relief to businesses and homeowners that saw damage of 15% or more of the total value of their property. This exemption was applied to the 2025 tax rolls, making the relief immediate. The exemption scales with the damage, going up to 100% for a total loss. These were used extensively to give families and businesses the time needed to regroup and rebuild.

Legislation was Passed to Dramatically Cut School Taxes

Without a doubt, the biggest news for homeowners in 2025 was the passage of several proposals into law. These were mostly targeted at school taxes, traditionally the largest of the property taxes, though these were knocked down a peg in 2023 with a previous cut. This most recent set of laws, passed in November thanks to approval by popular vote, extend the homestead exemption to new heights for school taxes. First, the traditional homestead exemption increased to \$140,000 from \$100,000. While this change only applies to school taxes, it offers enhanced relief for every homestead in Texas. Prior to 2023, the homestead exemption had only been \$40,000.

Elder and disabled homeowners got an even bigger boost. On top of the new homestead rules, these vulnerable taxpayers saw their tax break increase from \$10,000 to \$60,000. Since both of these exemptions can be combined, this means that many homeowners found themselves paying zero school taxes for the first time. This means that over one-third of their tax bill was wiped out completely, offering a huge benefit. Note that a homeowner can only use either the disabled exemption or the over-65 exemption, not both, so the maximum savings are \$200,000 with a homestead exemption.

Business Personal Property Gets a Boost

Business personal property (BPP) is one of the top tax costs for Texas businesses. In the same election as the homestead changes, relief for businesses was also passed by overwhelming numbers. These taxes are typically placed upon tangible assets, like inventory, machinery, and any other physical property that can be used to generate income. The new law allows a business to exempt \$125,000 from their taxable value, up from a paltry \$2,500. This is intended to help small businesses thrive. A tax on capital gains was also included, though Texas has no such tax, acting as a preventative measure.

More Relief Coming in 2026?

While 2025 saw some of the largest tax cuts in Texas history, 2026 may hold even more. Currently, Governor Greg Abbott is proposing eliminating school taxes altogether. In order to keep schools running, the state would provide funding. An increased sales tax may be needed, but this has been shot down so far. While this may not be practical, there have been some other suggestions. Mainly, Lt. Governor Dan Patrick has proposed "Operation Double Nickel," which would increase eligibility for the over-65 exemption, extending it to people 55 or older. This would help millions of Texas homeowners. If these two ideas cannot be worked out, there could

be a compromise between the two in the works.

About O'Connor:

O'Connor is one of the largest property tax consulting firms, representing 185,000 clients in 49 states and Canada, handling about 295,000 protests in 2024, with residential property tax reduction services in Texas, Illinois, Georgia, and New York. O'Connor's possesses the resources and market expertise in the areas of property tax, cost segregation, commercial and residential real estate appraisals. The firm was founded in 1974 and employs a team of 1,000 worldwide. O'Connor's core focus is enriching the lives of property owners through cost effective tax reduction.

Property owners interested in assistance appealing their assessment can enroll in O'Connor's Property Tax Protection Program™. There is no upfront fee, or any fee unless we reduce your property taxes, and easy online enrollment only takes 2 to 3 minutes.

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