

Texas Homestead Exemption

Property tax exemptions are one of the most meaningful and simple ways to reduce property taxes. The Texas legislature has provided numerous property tax exemptions for Texas taxpayers. Exemptions for homestead, over 65 homestead, disabled homestead, disabled veteran is just the start. Texas property taxes can be reduced by legitimate use of exemptions. This document was prepared by the Texas Comptroller and is presented for your convenience.

Q: Do I, as a homeowner, get a tax break from property taxes?

A: You may apply for homestead exemptions on your principal residence. Homestead exemptions remove part of your home's value from taxation, so they lower taxes.

Q: Do all homes qualify for homestead exemptions?

A: No, only a homeowner's principal residence qualifies. To qualify, a home must meet the definition of a residence homestead: The home's owner must be an individual (for example: not a corporation or other business entity) and use the home as his or her principal residence on January 1 of the tax year. If you are age 65 or older, the January 1 ownership and residency are not required for the age 65 homestead exemption.

Q: What is a homestead?

A: A homestead can be a separate structure, condominium or a mobile home located on owned or leased land, as long as the individual living in the home owns it. A homestead can include up to 20 acres, if the land is used as a yard or for another purpose related to the residential use of the homestead.

Q: How do I get a homestead exemption?

A: You must file an Application for Residential Homestead Exemption with the county appraisal district between January 1 and April 30 of the tax year -- up to one year after you pay your taxes. During the year, if you turn 65 or become disabled, you must apply for the 65 or older or disabled exemption no later than one year from the qualification date. Once you receive the exemption, you do not need to reapply unless the chief appraiser sends you a new application. In that case, you must file the new application. If you should move or your qualifications end, you must inform the appraisal district in writing before the next May 1. A list of appraisal district addresses and phone numbers is available online.

Q: What homestead exemptions are available?

A: There are several types of exemptions you may receive. School taxes: All residence homestead owners may receive a \$25,000 homestead exemption from their home's value for school taxes.

County taxes: If a county collects a special tax for farm-to-market roads or flood control, a residence homestead owner may receive a \$3,000 exemption for this tax. If the county grants an optional exemption for homeowners age 65 or older or disabled, the owners will receive only the local-option exemption.

Age 65 or older and disabled exemptions: Over-65 and/or disabled residence homestead owners may qualify for a \$10,000 homestead exemption for school taxes, in addition to the \$25,000 exemption for all homeowners. If the owner qualifies for both the \$10,000 for over-65 homeowners and the \$10,000 exemption for disabled homeowners, the owner must choose one or the other for school taxes. The owner cannot receive both exemptions.

Optional percentage exemptions: Any taxing unit-including a city, county, school, or special district-may offer an exemption of up to 20 percent of a home's value. But, no matter what the percentage is, the amount of an optional exemption cannot be

less than \$5,000. Each taxing unit decides if it will offer the exemption and at what percentage. This percentage exemption is added to any other home exemption for which an owner qualifies. The taxing unit must decide before July 1 of the tax year to offer this exemption.

Optional over-65 or disabled exemptions: Any taxing unit may offer an additional exemption of at least \$3,000 for taxpayers age 65 or older and/or disabled.

Q: How do I qualify for a disabled person's exemption?

A: You are eligible for this exemption if you can't engage in gainful work because of a physical or mental disability or you are 55 years old and blind and can't engage in your previous work because of the blindness. To qualify, you must meet the Social Security definition for disabled. You qualify if you receive disability benefits under the federal Old Age, Survivors and Disability Insurance Program administered by the Social Security Administration. Disability benefits from any other program do not automatically qualify you. To prove your eligibility, you may need to provide the appraisal district with information on disability ratings from the civil service, retirement programs, or from insurance documents, military records, or a doctor's statement.

Q: What if I miss the deadline for filing for a homestead exemption?

A: You may file for a homestead exemption up to one year after the delinquency date -usually February 1. If you are 65 or older or disabled, you must apply for the exemption no later than one year from your 65th birthday or one year after the delinquency date, whichever is later.

Q: May I continue to receive the residence homestead exemption on my home if I temporarily move away?

A: If you temporarily move away from your home, you may continue to receive the exemption if you do not establish a principal residence elsewhere, you intend to return to the home, and you are away less than two years. You may continue to receive the exemption if you do not occupy the residence for more than two years only if you are in military service or live in a facility providing services related to health, infirmity or aging from the two-year period.

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Q: What is a homestead tax ceiling?

A: It is a limit on the amount of taxes you must pay on your residence. If you qualify your home for a 65 and older or disabled person homestead exemption for school taxes, the school taxes on that home can't increase as long as you own and live in that home. The tax ceiling is the amount you pay in the year that you qualified for the 65 - and - older or disabled person exemption. The school taxes on your home may go below the ceiling but not above the amount of the ceiling. If you improve the home (other than normal repairs or maintenance), the tax ceiling may go higher for the new additions. For example, if you add on a garage or game room to the house, the tax ceiling will be adjusted to a higher level for the addition.

Q: Does the school tax ceiling transfer when a person who is age 65 or older or is disabled or is the surviving spouse (age 55 or older) of a person who was age 65 or older moves to another home?

A: A percentage of the school tax ceiling may be transferred. The ceiling on the new home would be calculated to give you the same percentage of tax paid as the ceiling on the original home. For example, if you currently have a tax ceiling of \$100, but would pay \$400 without the ceiling, the percentage of tax paid is 25 percent. If you move to another home and the taxes on the new homestead would normally be \$1,000 in the first year, the new tax ceiling would be \$250, or 25 percent of \$1,000. To transfer the school tax ceiling, you may request a certificate from the chief appraiser in the last appraisal district in which you received the tax ceiling. You present the transfer certificate to the chief appraiser in the district where the new home is located, when you apply for homestead exemptions on the new home.

Q: If I am the surviving spouse of a disabled person, am I entitled to the school tax ceiling?

A: No, only surviving spouses (55 years of age or older) of persons who were 65 years of age or older when they died may benefit from the tax ceiling.

Q: If I am 65 years of age or older, disabled, or a surviving spouse who is age 55 or older, does a tax ceiling apply to county, city or junior college district property taxes?

A: Yes, if the county commissioners court, city council or board of the junior college district authorizes a tax limitation on the homesteads of persons 65 years of age or older or disabled persons. The taxing unit's governing bodies or voters may adopt the limitation. This local option exemption does not apply to other special districts such as water, hospital, etc.

Q: Can the local option ceiling transfer if the owner who is age 65 or older or disabled moves to another home?

A: Yes, but the home must be located within the applicable taxing unit - city, county or junior college district. The ceiling on the new home is calculated the same as the school district.

Q: Can the local option ceiling transfer to another home owned by the surviving spouse who is 55 year of age or older?

A: No, regardless of the underlying qualifications (65 & older or disabled person).

Q: If I own only 50 percent of the home I live in, do I qualify for the residence homestead exemption on the home?

A: Yes. However, if you qualify for a homestead exemption and are not the sole owner of the property to which the homestead exemption applies, the exemption you receive is based on the interest you own. For example, you own a 50 percent interest in a homestead and will receive one half, or \$12,500, of a \$25,000 homestead offered by a school district.

Q: Is the disabled veteran's exemption the same as the disabled person's exemption?

A: No. To receive a disabled veteran exemption, you must either be a veteran who was disabled while serving with the U.S. armed forces or the surviving spouse or child (under 18 years of age and unmarried) of a disabled veteran or of a member of the armed forces who was killed while on active duty.

In order to qualify for a disabled person exemption, you can't engage in gainful work because of physical or mental disability or you are 55 years old and blind and can't engage in your previous work because of your blindness. If you receive disability benefits under the federal Old Age, Survivors and Disability Insurance Program administered by the Social Security Administration, you will qualify for the disabled person exemption.

Q: What is the amount of the disabled veteran's exemption?

A: The exemption amount that a qualified disabled veteran receives depends on the veteran's disability rating from the branch of the armed service:

Disability Rating	Exemption Amount
10% to 30%	\$5,000 from the property's value
31% to 50%	\$7,500 from the property's value
51% to 70%	\$10,000 from the property's value
71% to 100%	\$12,000 from the property's value

The disabled veteran must be a Texas resident and must choose one property to receive the exemption for all property tax purposes.

Q: May I file for a disabled veteran's exemption after the deadline has passed?

A: Yes. The deadline for filing for a disabled veteran's exemption is between January 1 and April 30 of the tax year. However, you may file for a disabled veteran's exemption up to one year from the delinquency date. To file for a disabled veteran's exemption, you must complete the Application for Disabled Veteran's or Survivor's Exemptions form.

Q: If I lease a vehicle that I use for personal purposes, do I have to pay property taxes on the vehicle?

A: In Texas, all property is taxable, unless exempt by state or federal law. Leased vehicles produce income for the leasing company and are taxable to the leasing company. In many leasing contracts, companies require their lessees to reimburse them for taxes assessed on the vehicles.

Texas does exempt leased vehicles that are not held for the primary purpose of income production by the lessee. These vehicles include passenger cars or trucks with a shipping weight of not more than 9,000 pounds and leased for personal use. Personal use would mean using the vehicle more than 50 percent of its use (based on mileage) for activities that do not involve the production of income. The exemption applies only to vehicles subject to a lease entered into on or after January 2, 2001.

Any leased vehicles contracted before January 2, 2001 would continue to be taxed. In addition, cities that passed an ordinance before January 1, 2002, could opt to tax personal leased vehicles. The law was effective on January 1, 2002.

To qualify for the exemption, you must timely file an affidavit with the leasing company. You timely file an affidavit with the leasing company. You may print the Lessee's Affidavit of primarily Non Income Producing Vehicle Use form now or it is available from the leasing company. Primarily Non Income Producing Vehicle Use form now or it is available from the leasing company. To receive the exemption, the company must file a Lessor's Application for Personal Use Lease Automobile

Exemptions application with the county appraisal district where the property is located before April 30 of each year. The exemption application should contain all vehicles that are used primarily for personal use. If the leasing company does not file the application timely, the vehicle is not exempt.

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