

TAX CEILING CERTIFICATE

If you have an over-65 or a disability homestead exemption you should be benefitting from a tax “ceiling” applied to your school taxes. If you decide to move, you can request a Tax Ceiling Certificate from your former appraisal district that may help reduce the school taxes on your new home.

It’s important to understand how this works. The tax ceiling is an “upper limit” dollar amount applied by your local school district’s tax office to your school taxes. It is set when you first qualify for either the over-65 exemption or the disability exemption. However, the legislation enabling the school tax ceiling for the disability exemption did not become effective until January 1, 2004. Before that date there was no school tax ceiling in place for disability exemptions, so the ceiling will usually have more effect on over-65 tax ceilings.

Generally, your school taxes can never go above the tax ceiling for as long as you live in your home. Taxes may be lower than the ceiling for some years, but never higher. The only exception would be if you significantly improved your house; for example, by adding a new room or a second story. (Normal repairs and maintenance such as a new roof or new paint do not count.) If significant improvements were ever made, then a new tax ceiling including the improved value would be calculated.

What happens if you move? First you need to apply for the over-65 exemption or the disability exemption on your new home. When you get the new exemption you can benefit by transferring the percentage of school taxes paid on your former home. Please note: it is *not* the “upper limit” dollar amount but the *percentage* of school taxes paid that is transferable.

For example, if your school tax ceiling is currently \$1,000, that number is compared to what you would be paying in school taxes without the tax ceiling in place. If you would be paying \$4,000 in school taxes, then the percentage of taxes you are paying is 25%. ($1,000 \text{ divided by } 4,000 = 1/4 \text{ or } 25\%$.) It is this percentage that is transferrable by the Tax Ceiling Certificate. This means that if the school taxes in your new home would be \$5,000 with your new over-65 or disability exemption in place, your new school taxes could have the 25% limit transferred and applied from your former home. Then your new school taxes would only be 25% of \$5,000 or \$1,250. That’s a savings of \$3,750 per year, which can make a big difference if you are on a fixed income.

To request a Tax Ceiling Certificate please call (713) 957-7861 or stop by the Harris County Appraisal District, Information & Assistance Center, 13013 Northwest Freeway, Houston, Texas. We will make sure we have all your correct information on file and have your new address and phone number. Then we will contact your school district and calculate your transferable percentage. If you have any questions about the process, please call or visit our office.