

# APPRAISALS, EXEMPTIONS, AND PROPERTY TAXES FOR OLDER OR DISABLED HOMEOWNERS



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Lawmakers have provided several types of special property tax relief for qualified older or disabled homeowners. Generally, you will qualify for one of these if you are 65 years of age or older, or if you are the over-55 surviving spouse of a qualified person who died at age of 65 or older, or if you are a 100% disabled veteran, or if you meet all the qualifications for a disability homestead exemption. There are four basic types of property tax relief that may be available depending on your specific type of exemption:

- Over-65, surviving spouse, disability, or disabled veteran exemptions can reduce your tax bill
- For certain exemptions, a school tax ceiling will keep your school taxes from increasing
- Tax deferral actions may stop the collection of delinquent taxes on your homestead
- Annual property taxes may be spread over a year and paid in four installments without penalty or interest.

In order to qualify for **any** type of residential homestead exemption, **including the over- 65 exemption, the disability exemption, the over-55 surviving spouse exemption, or the 100% disabled veteran exemption**, you must provide HCAD with a copy of either your Texas driver's license or Texas-issued ID Card. The address on your driver's license or state ID card must match the physical address of the residence for which you are applying.

## FILING YOUR EXEMPTION APPLICATION

Homestead exemptions are not granted automatically, you must submit an application. **File your regular residential homestead exemption application with all required documentation between January 1 and April 30**. You may obtain an application form online at [www.hcad.org](http://www.hcad.org), from the appraisal district's office (address above), or from one of the local tax offices. You need to fill out only one application for all of the homestead exemptions for which you qualify. Special deadlines for the over-65 and disability exemptions are:

**Deadline for the age-65 and over homestead exemption:** If you owned your home before you turned 65, the deadline is within a year after the date of your 65<sup>th</sup> birthday. If you were already 65 and established a new homestead, the deadline is within a year after the date you acquired or moved into the new home. If you are an over-55 surviving spouse, you must apply within one year of your spouse's death.

**Deadline for the disability homestead exemption:** you must apply within one year of the date you acquired the home if you were disabled at the time you purchased the new property. If you became disabled after you acquired your home, the deadline is one year after the date you became disabled.

Once you receive a homestead exemption, including an over-65 or disability homestead exemption, you don't have to apply again unless the chief appraiser asks you to do so in writing or unless your qualifications change. Generally, you will continue to qualify as long as you occupy the home as your principal residence and you don't claim any other residence homestead. You won't lose your exemption if you must be hospitalized or placed in a nursing facility for health care reasons. However, if you move to a new home, you must file a new application and advise the appraisal district to cancel the exemption on your old home.

## **GENERAL RESIDENTIAL HOMESTEAD EXEMPTIONS**

A homestead exemption reduces taxes by lowering a home's taxable value. For example, if your \$80,000 home qualifies for a \$25,000 exemption, it is taxed as if it were worth \$55,000. To qualify for a homestead exemption you must own your home and occupy it as your principal residence on January 1 of the year you claim homestead. You cannot have more than one homestead residence at a time. If you meet the age or disability requirements, you will receive both the general residential homestead exemption and the particular property tax relief for which you qualify. If you are over age 65 and disabled, you may receive either the over-65 exemption or the disability homestead exemption, but not both. Exemptions vary; some taxing jurisdictions provide substantial exemptions; others provide none at all. All school districts served by Harris County Appraisal District offer a \$25,000 homestead exemption reduction from the appraised value of a home. Some offer an additional optional percentage homestead exemption reduction of up to 20% of a home's appraised value. Harris County and the City of Houston both grant an additional 20% homestead exemption. Some of the other jurisdictions in Harris County also offer homestead exemptions. You can find out what exemptions they offer by contacting HCAD or the taxing jurisdiction.

### **100% DISABLED VETERAN HOMESTEAD EXEMPTION**

You may qualify for this exemption if you are a disabled veteran who receives from the United States Department of Veterans Affairs (VA) or its successor: (1) 100 percent disability compensation due to a service-connected disability; and (2) a rating of 100 percent disabled or a determination of individual un-employability from the VA. Attach a copy of your award letter or other document from the United States Department of Veterans Affairs to your application for this type of homestead exemption. You may receive this exemption immediately upon qualification. Your surviving spouse, married to you and living at the same residence, may qualify to continue this exemption.

### **ADDITIONAL EXEMPTIONS FOR OLDER HOMEOWNERS OR DISABLED PERSONS**

Exemptions specifically for those over 65 years of age, for over-55 surviving spouses, or for disabled homeowners are given in addition to the general homestead exemptions. As with the general exemptions, these special relief exemptions will vary depending on the taxing jurisdictions in which your home is located. All school districts by law must grant an additional exemption of \$10,000 to qualified over-65 homeowners, to qualified over-55 survivors, or to those who meet the requirements for a disability exemption. Some school districts offer even greater exemption amounts. Added to the \$25,000 general exemption, this means you will have at least a \$35,000 exemption from school taxes when you qualify for one of the special relief exemptions.

The law doesn't require taxing jurisdictions other than school districts to offer special relief exemptions, but it allows them to do so and many Harris County taxing units have elected to do this. Each one can decide whether to offer one. Each unit can also decide how much exemption it wants to offer. For example, Harris County offers a \$160,000 over-65 homestead exemption. If you qualify for additional homestead exemptions, the appraisal district automatically applies the appropriate exemptions for each taxing unit that offers it.

### **DO I QUALIFY?**

#### **You qualify for an over-65 exemption if:**

- You are 65 years old or older
- You own your home
- You do not claim any other residence homestead exemption in Texas or out of state
- You occupy your home as your principal residence.

#### **You qualify for an over-55 survivor's exemption if:**

- You are 55 years old or older
- You were married to a person who was 65 or older when he or she died
- You and your over-65 spouse were occupying your current home as your principal residence at the time your spouse died
- The property is still your principal residence; and
- You do not claim *any other* residence homestead.

## You qualify for the disability exemption if:

- You meet the Social Security Administration's tests for disability and provide documentation
- You own your home
- You do not claim any other residence homestead exemption in Texas or out of state; and
- You occupy your home as your principal residence.

**Please note: If you qualify for both the over-65 and the disability exemption you may only receive one.**

## CEILING ON SCHOOL TAXES

For school tax purposes only, once you receive either an over-65 homestead exemption or a disability homestead exemption, you automatically qualify for a ceiling on your property taxes. Your school taxes will stay at the dollar amount you pay in the first year you qualify. This means your school taxes will never increase above the tax ceiling established in the first year your special relief exemption was granted. After that year, they can never be more than the ceiling unless you add improvements to your home. Taxes may be less in some years, but they can never be more than the ceiling, even though the appraised value of the home might increase over the years.

Adding improvements to your home will increase your taxes. Examples of improvements are room additions, sun porches, adding adjacent lots to your yard, or converting a garage to living space. If you make improvements, your school tax ceiling will be recalculated to add the amount of tax on the value of the new improvement. If you make any improvements *other*

*than normal repairs or maintenance* (replacing a roof is *maintenance*; installing piers to level a slab is a *repair*), your school tax ceiling will be recalculated based on the value of improvements and the original ceiling. If your spouse was qualified for the tax ceiling when he or she died, the tax ceiling will transfer to you if you were at least 55 years old at the time of death. You must apply to the appraisal district for the school tax ceiling; it will not transfer automatically. The ceiling remains in effect for as long as you live in the home.

If you move to a new home you will be able to transfer the percentage of discount of your tax ceiling to your new home. You must have previously qualified your existing home for the tax ceiling, and you must then qualify the new home by occupying it as your principal residence. To get the transfer, you must ask the appraisal district that appraised your old home for a Tax Ceiling Certificate showing your entitlement to the ceiling. This process may take some time because the appraisal district must contact the school district to get information about your current tax ceiling. You would then provide the certificate to the school district tax office in which your new home is located. You must also apply for either the over-65 exemption or the disability exemption with the appraisal district that appraises your new home.

## DISABLED VETERAN'S EXEMPTION

The law also provides a lump-sum exemption for qualified disabled veterans. (If you are a 100% Disabled Veteran, please refer to the previous section.) If you qualify with a lower percentage disability, you can apply your disabled veteran's exemption to any single piece of property, including your homestead. You can add the disabled veteran's exemption to either the over-65 exemption, the surviving spouse exemption, or the disability exemption. Disabled veteran's exemptions (Other than the 100% Disabled Veteran Homestead Exemption) range from \$5,000 to \$12,000 depending on the degree of service-related disability. A disabled veteran who is

EXAMPLE	
Recalculating ceiling for improvement	
Age in 2015	68
School Tax Ceiling:	\$550.00
Calculated from 2012 school tax bill (year you turned 65)	
-Adjusted for increased school tax exemption in 2015	
Add Improvements:	
Game Room value at \$10,000 in 2015	
Recalculation:	
Game room addition in 2015	\$10,000
2015 Tax Rate	X 1.40
additional tax	\$140.00
New School Tax Ceiling:	\$550.00 old ceiling
	+140.00 additional tax
	\$690.00 school tax bill for 2016
TAX CEILING IS NOW SET AT \$690	

65 years of age or older will qualify for the full \$12,000 if his or her disability rating is at least 10%. If you are the surviving spouse of a person who qualified for the Disabled Veteran's Exemption, you can qualify for extending the exemption as long as you do not remarry.

## TAX DEFERRALS

If you are a qualified homeowner age 65 or older, or if you are a qualified disabled person, a tax deferral may be of interest to you, especially if you find you are having trouble paying your property taxes. The tax deferral law lets you postpone paying current and delinquent property taxes on your home for as long as you own it and live in it. To defer tax payments, you must file a Tax Deferral Affidavit with the Harris County Appraisal District. If you have already been sued for taxes, you can file the deferral affidavit with the district court. The deferral applies to all taxing jurisdictions.

Once you file the Tax Deferral Affidavit on your property, and it has been determined that you qualify, you cannot be displaced from your home, and your home cannot be sold for taxes as long as you live in it. If a tax suit is already pending, it must be stopped. While you do not need to pay any taxes to maintain the deferral, most taxing units will credit any partial payments you might be able or wish to make toward the total tax liability.

Tax deferral only postpones the payment of taxes owed. It does not cancel them. Taxes will continue to add up, and the taxing units will add interest at the rate of 8% per year. If you cease to own the home or live in it, all taxes, penalties, and interest become due immediately. The taxing units may proceed with delinquent tax suits if the taxes are not paid promptly. The new homeowner or your estate must pay the tax liabilities to retain the property.

A homeowner is eligible to file a tax deferral upon reaching age 65 or upon qualifying as a disabled person. There is no need to wait until the next January 1 to be eligible. Affidavit forms are available from the HCAD information center, or in the Forms section on the HCAD website at [www.hcad.org](http://www.hcad.org)

Decisions regarding tax deferrals should be carefully considered and discussed with family members.

**Important:** Be sure to check with your mortgage company, as some lenders do not permit tax deferrals.

## INSTALLMENT PAYMENTS

An additional tax payment option is available to you once you reach 65 or qualify as a disabled person. Most property owners must pay all of their property taxes before February 1. A person who has claimed the age 65 or older exemption or the disability exemption may pay taxes in four equal installments due before February 1, April 1, June 1 and August 1. To use this installment payment plan you must pay at least 1/4 of the taxes before February 1 and include a notice with the first payment that you intend to pay the rest in installments. It is very important to include this notice and to be sure you pay all installments on time. You can reach Harris County and Houston ISD tax officials by calling (713) 274-8000. Other tax offices are listed in the telephone directory and many print their telephone number on their tax bills.

## APPLICATIONS AND MORE INFORMATION

For each exemption application filed within the appropriate application period, the law requires the chief appraiser to decide whether the exemption applies to the property and to record these exemptions appropriately.

**If you fail to file within the appropriate application period your exemption application cannot be considered.** You can get an exemption application mailed to you by calling the Harris County Appraisal District information center at (713) 957-7800. You can also visit the information center at 13013 Northwest Freeway, Houston, Texas 77040, or download the appropriate form from [www.hcad.org](http://www.hcad.org). More information about various exemptions is available at the same phone number or at the information center, or from our website.

**It is a crime to make false statements on a homestead application or to file on more than one property.**