

## Property Tax Exemptions for Homeowners

**A homestead exemption helps you save on taxes on your home.** An exemption removes part of the value of your property from taxation and lowers your taxes. For example, if your home is valued at \$100,000 and you qualify for a \$25,000 exemption, you pay taxes on your home as if it was worth only \$75,000.

An Application for Residential Homestead Exemption (same form for over-65, disability, over-55 surviving spouse, or 100% disabled veteran homestead exemptions) can be found at the Forms Page under the Residential Exemption Section (11.13)

## What Kinds of Homestead Exemptions Are Available?

\* **School taxes** - all homeowners.

If you qualify for the homestead exemption, you will receive at least a \$25,000 homestead exemption on the value of your home for school district taxes.

\* **County taxes** - all homeowners.

Waller County currently provides a 20% optional homestead exemption to all homeowners. This means, for example, that if your home is valued at \$100,000, the exemption will reduce its taxable value by \$20,000 to \$80,000.

\* **Optional exemptions** - all homeowners.

Any taxing unit, including a school district, city, county or special district, may offer an exemption for up to 20% of your home's value. The amount of an optional exemption can't be less than \$5,000, no matter what the percentage is. For example, if your home is valued at \$20,000 and your city offers a 20% optional exemption, your exemption is \$5,000, even though 20% of \$20,000 is just \$4,000.

## Application Deadlines

You should file your regular residential exemption application between January 1 and April 30. Early applications will not be accepted. If your application is postmarked by April 30, this will allow the district time to process it before your tax statement comes out in the fall. If you miss the April 30th deadline you can still apply:

For a general exemption: up to one year after the date taxes became delinquent for the year (usually February 1 of the year following the tax year).

For an over-65 or disabled person: if you turn 65, become totally disabled, or acquire a property during the year, you can apply and have the over-65 or disability exemption activated for that year. The deadline to apply for an over-65 or disabled person's exemption for the year in which you qualify is the first anniversary of the date you qualify. In other words, you have one year from the date you qualify to apply. For example:

1. If you are already qualified and you purchase a different home, you have one year from the date you occupy the new home to apply.
2. If you turn 65 during the year, you have until your 66th birthday to apply for the year in which you turn 65.
3. If you become disabled during the year, you have one year from the date you became disabled to apply.

Otherwise, the deadline for applying for the over-65 or disability exemption is the same as the deadline given above.

### **Homestead Cap**

An additional benefit of the general homestead exemption, especially in an appreciating housing market is the homestead cap, or limitation on increases in appraised value. The cap applies to your homestead beginning in the second year you have a homestead exemption. The cap law provides that if you qualify, the value on which your taxes will be calculated (called your appraised value) cannot exceed the lesser of :

1. This year's market value; or
2. Last year's appraised value, plus 10% plus the value added by any new improvements made during the preceding year.

If homes are appreciating at more than 10% per year, the cap can provide substantial tax savings.

### **Over-65 Homeowners**

A person who is 65 or older may receive additional exemptions. You are eligible for these exemptions as soon as you turn 65: you don't need to be 65 as of the first of the year to apply. **School districts** may grant an additional \$10,000 exemption for qualified persons who are 65 or older. An additional advantage of the over-65 exemption is the school tax ceiling. Once you qualify, your school taxes will not increase unless you make improvements to the home. **Cities, the county, and other taxing units** may, but are not required to, offer over-65 homestead exemptions of at least \$3,000 and sometimes much more. Call the Waller County Appraisal District at the number listed on the home page to determine what taxing units in which your home is located offer an over-65 homestead exemption.

## **Homeowners with Disabilities**

A person with a disability also may get exemptions. "Disabled" means either (1) you can't engage in gainful work because of physical or mental disability or (2) 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.

Disability benefits from any other program, including a disabled veterans' pension, do not automatically qualify you for this exemption. You may need information on disability ratings from the civil service, retirement programs or from insurance documents, military records or a doctor's statement. Also read information about the disabled veteran's exemption.

If you qualify as a disabled person, you can receive a \$10,000 exemption for school taxes, in addition to the \$25,000 exemption for all homeowners. And, any taxing unit can offer an exemption of at least \$3,000 from the home value of disabled homeowners. Disabled homeowners also qualify for a school tax ceiling, the same as for those who are over-65.

## **100% Disabled Veteran's Homestead Exemption**

You can qualify for this exemption on your homestead if you have a disability rating of 100% or individual unemployability from the Veterans' Administration and you receive 100% disability payments from the VA. Your disability must be service connected. If you qualify, 100% of the value of your residence homestead will be exempted.

## **Selling or Buying a Home with an Existing Homestead Exemption**

When you sell or buy a home, the taxes for the year will generally be prorated at the closing. This doesn't actually change your tax liability; the tax assessor will calculate that later in the year. The proration will be based on estimated taxes due. You should be aware of the rules regarding homestead exemptions so that you are prepared if your actual tax liability turns out to be different.

If you buy or sell a home that has only a general homestead exemption on it, the exemption normally stays in place for that entire tax year. The final taxes for the year will reflect the exemption. However, the new owner will have to qualify for the exemption by filing an application in his or her own name for the following year. There is one exception. If the home you buy has had a cap in place for several years, be aware that the value of the home, and the taxes, may increase substantially in the year following the year you purchase it. This is because your cap won't take effect until the second year after you purchase the home.

If you buy or sell a home that has an existing over-65 or disability exemption, the rules are different. Whether the over-65 or disability exemption stays in place depends on whether the person who qualified for that exemption transfers it to a different homestead during the same year.

- \* If the over-65 or disabled person does not establish a homestead exemption on a different homestead, the exemption stays in place for the entire year.
- \* If the over-65 or disabled person does establish a homestead exemption on a different homestead, then when the tax assessor calculates taxes on the sold home for the year, the assessor will prorate the taxes to reflect the over-65 exemption or disability for only the portion of the year that the over-65 or disabled person owned it. In short, if the seller is over-65 or disabled and establishes an exemption on a different home, taxes for the year will be higher than they would if the seller does not establish another homestead exemption.
- \* If both the buyer and the seller are over-65 or disabled, the buyer can avoid the proration problem by applying for the over-65 or disability homestead exemption in his/her own right.

In the first quarter of each year, the Waller County Appraisal District develops a list of all properties with a prior year homestead exemption which, during that same year, were sold to a new owner. Then, as required by law, the district cancels the old homestead exemption as of January 1 of the new year and mails the new owner an exemption application. For those who are over-65 the district will mail by certified mail those property owners along with an application, postage paid envelope. If the district does not receive a response on or before the 60th day after the notice is mailed the district may cancel the exemption after an additional 30 days if:

- \* the district puts forth reasonable effort to locate the taxpayer
- \* send a second notice (not certified) that states the date on which the exemption will be cancelled.

For any questions or additional assistance, you are encouraged to call a Waller County Appraisal District representative at the numbers and location listed on the home page.