Understanding Homestead Exemptions

Homestead Tax Exemption

The most common reference to the "homestead exemption" by the general public is to the exemption from ad valorem taxation. A certain portion of the appraised value of a principal residence is excluded from the taxable value. For this purpose, the residence homestead means a structure or a separately secured and occupied portion of a structure, together with up to 20 acres on which the structure sits. Improvements used in the residential occupancy of the structure are also included.

The structure may be a mobile home, and the mobile home will qualify for the exemption even if it is sitting on leased land, as long as the occupant owns the structure.

In the vast majority of Texas school districts, residence homesteads are allowed an exemption of $25,000 of the home's value for school taxes. In a few cases, only $5,000 of this exemption applies. Homestead owners who are 65 or older or disabled qualify for an additional $10,000 exemption. Homeowners who are 65 or older *and* disabled cannot receive double that exemption amount.

Additionally, any taxing unit has the option to offer an exemption of up to 20 percent of the homestead's value, but the exemption must be at least $5,000 for Sterling County and Sterling County Underground Water District.

Those who qualify for a residence homestead exemption from property taxes may file an application for the exemption with the appraisal district in the county where the property is located.

How Property Becomes a Homestead

Homestead rights commence when the owner:

- obtains the right to possess the land,
- uses the property as a homestead, and
- intends to claim the land as a home.

Typically, a homestead becomes a homestead when the owner occupies and uses the premises as a principal residence.

An owner who owns multiple properties may wish to establish which of the properties is the homestead.

The owner does not actually have to reside on the property to claim a homestead. However, the owner must presently intend to occupy and use the property in a reasonable and definite time in the future and must have taken some action to prepare for occupying and using the property as a homestead.

Homesteads must be based on real property, not personal property. Therefore, a mobile home that is not affixed to the land does not qualify.

Size of a Homestead

An urban homestead for a family or single adult includes up to ten acres used as a home or as both a home and a place to exercise a calling or business.

A rural homestead includes up to 100 acres for a single person or 200 acres for a family.

A homestead is considered urban if it is:
- within the limits or extraterritorial jurisdiction of a municipality or
- part of a platted subdivision

and served by:
- police protection,
- paid or volunteer fire protection, and
- at least three of the following services provided by a municipality or under contract to a municipality:
- electric,
- natural gas,
- sewer,
- storm sewer, and
- water.

Otherwise it is rural.

When Homesteads Terminate

Property remains a homestead until death, abandonment, or sale.

Homestead Exemptions
Questions and Answers

What is a residential homestead exemption?

A residential homestead exemption removes part of the value from the assessed value of your property and lowers your property taxes.

What exemptions are available to homeowners?

There are various types of exemptions available:

- General Residence Homestead Exemption
- Disabled Person Exemption
- Age 65 or Older Exemption
- Surviving Spouse of an Individual Who Qualified for Age 65 or Older Exemption
- 100 Percent Disabled Veterans Exemption
- Surviving Spouse of a Disabled Veteran Who Qualified or Would Have Qualified for the 100 Percent Disabled Veteran's Exemption
- Donated Residence Homestead of Partially Disabled Veteran
- Surviving Spouse of a Disabled Veteran Who Qualified for the Donated Residence Homestead Exemption
- Surviving Spouse of a Member of Armed Services Killed in Action
- Surviving Spouse of a First Responder Killed in the Line of Duty

Do all homes qualify for a homestead exemption?

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 occupy the home as his or her principal residence on January 1 of the tax year

What qualifies as a homestead?

A homestead is a structure (including a condominium or a manufactured home) that is designed and occupied for use as a residence. A homestead can include up to 20 acres of land, if the land is owned by the homeowner and used for residential purposes.

Can I qualify for a homestead exemption if there are other owners other than my spouse listed on my property?

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, if you own a 50 percent interest in a homestead, you will receive one-half, or $12,500 of a $25,000 homestead offered by a school district.

When should I file an application for a homestead exemption?

For a general exemption you should file your exemption application between January 1 and April 30. Early applications will not be accepted. For Over 65 or Disabled Person Exemptions; if you turn 65, become totally disabled or purchase a property during this year, you can apply to activate the Over 65 Exemption or Disabled Person Exemption for this year. You have one year from the date you qualify to apply for the exemptions for the tax year you first qualified. For example; if you turn 65 during the year you have until your 66th birthday to apply to receive the exemption for the tax year in which you turned 65.

What is a homestead cap value?

Cap value applies to residential homesteads only and it goes into effect the second year after a residential homestead exemption has been granted for your residence. If the property is your residence homestead, the appraised value may not exceed the lesser of the market value of the property or the sum of:

- 10 percent of the appraised value of the property for the preceding tax year;
- the appraised value of the property for the preceding year; and
- the market value of all new improvements to the property.

Is it true that once I become 65 years of age, I will not have to pay any more taxes?

No. Only one of you needs to be over 65 years of age to qualify for this exemption. Once this exemption is granted, if the qualifying spouse dies, then the exemption would remain in effect for the remaining spouse if the survivor is 55 years of age or older and has ownership in the home. All tax ceilings remain in effect for as long as the spouse lives in the home. The surviving spouse needs to contact the appraisal district office in order to continue receiving the exemption.

I am a disabled person. How do I qualify for a Disabled Person Exemption?

You are eligible for this exemption if you are unable to engage in gainful work because of a physical or mental disability or you are 55 years old and blind and are unable to 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.

Can I receive both the Over 65 Exemption and the Disabled Person Exemption?

No, you may not claim both exemptions in the same tax year.

What is the Over 65 or Disabled Person tax ceiling?

If you qualify for an Over 65 Exemption or a Disabled Person Exemption for school taxes, the school taxes on that home cannot increase as long as you own and live in that home. The tax ceiling is the amount the owner pays in the year that he or she qualified for whichever exemption was applied for. The school taxes on that home may go below the ceiling, but the school taxes will not be more than the amount of the ceiling. If the homeowner improves the home (other than normal repairs or maintenance), the tax ceiling is adjusted for the new additions. For example, if an owner adds on a garage or game room to the house, the tax ceiling will change.

Does the tax ceiling remain the same if the over 65 or disabled person homeowner moves to another home?

No. However, the property owner that is receiving the Over 65 Exemption or the Disabled Person Exemption may transfer the "percentage" of their tax ceiling to a different home in the same or another school district anywhere in the State of Texas. The ceiling on the new home would be calculated to give the homeowner the same percentage of tax paid as the ceiling on the original home. For example: If a homeowner currently has a tax ceiling of $100, but would pay $400 without the ceiling, the percentage of tax paid is 25 percent. If the homeowner moves 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.

I am a disabled veteran. Am I entitled to any property tax exemptions?

There are two different exemptions available to disabled veterans. There is a partial Disabled Veteran Exemption that is available if you are either a service-connected disabled veteran who was disabled while serving with the U.S. armed forces, or the surviving spouse of a service-connected disabled veteran. You must be a Texas resident, must provide documentation from the Veteran's Administration reflecting the percentage of your service-connected disability, and your disability rating must be at least ten percent (10%). There is also a 100% Disabled Veteran Homestead Exemption you may qualify for on your resident homestead if you have a service-connected disability rating of 100% or individual unemployability from the Veteran's Administration and you receive 100% disability compensation from the VA. If you qualify for this exemption, 100% of the value of your residence homestead will be exempted. You may apply for this exemption anytime during the year in which you qualify. The surviving spouse of a 100% Disabled Veteran Homestead Exemption may continue this exemption if the deceased veteran qualified for the exemption on the residence in the year they died.

What is the amount of the partial Disabled Veteran's Exemption?

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 29% = $5,000 from the property's value
30% to 49% = $7,500 from the property's value
50% to 69% = $10,000 from the property's value
70% 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.

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

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 must be unable to 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.

What is "Homestead Cap Loss"?

Your residence homestead is protected from future appraisal value increase in excess of 10% per year from the date of the last appraisal plus the value of any new improvements.

Important Information

GENERAL INSTRUCTIONS

This application is for claiming residence homestead exemptions pursuant to Tax Code Sections 11.13, 11.131, 11.132, 11.133, 11.134 and 11.432. Certain exemptions may also require Form 50-114-A. The exemptions apply only to property that you own and occupy as your principal place of residence.

FILING INSTRUCTIONS

File this form and all supporting documentation with the appraisal district office in each county in which the property is located generally between Jan. 1 and April 30 of the year for which the exemption is requested. **Do not file this document with the Texas Comptroller of Public Accounts.** A directory with contact information for appraisal district offices is on the Comptroller's website.

APPLICATION DEADLINES

Generally, the completed application and required documentation is due no later than April 30 of the year for which the exemption is requested.

The due date for persons age 65 or older; disabled; or partially disabled veterans with donated homesteads to apply for the exemption is no later than the first anniversary of the qualification date.

A late application for a residence homestead exemption may be filed up to two years after the deadline for filing has passed. (Tax Code Section 11.431)

If the chief appraiser grants the exemption(s), property owner does not need to reapply annually, but must reapply if the chief appraiser requires it, unless seeking to apply the exemption to property not listed in this application.

Property owners already receiving a general residence homestead exemption who turn age 65 in that next year are not required to apply for age 65 or older exemption if accurate birthdate information is included in the appraisal district records or in the information the Texas Department of Public Safety provided to the appraisal district under Transportation Code Section 521.049. (Tax Code Section 11.43(m))

REQUIRED DOCUMENTATION

Attach a copy of property owner's driver's license or state-issued personal identification certificate. The address listed on the driver's license or state-issued personal identification certificate must correspond to the property address for which the exemption is requested. Property owners who reside in certain facilities or participate in a certain address confidentiality program may be exempt from this requirement. The chief appraiser may waive the requirements for certain active duty U.S. armed services members or their spouses or holders of certain driver's licenses.

Heir property is property owned by one or more individuals, where at least one owner claims the property as a residence homestead, and the property was acquired by will, transfer on death deed, or intestacy. An heir property owner not specifically identified as the residence homestead owner on a deed or other recorded instrument in the county where the property is located must provide:

- an affidavit establishing ownership of interest in the property (See Form 114-A);
- a copy of the prior property owner's death certificate;
- a copy of the property's most recent utility bill; and
- A citation of any court record relating to the applicant's ownership of the property, if available.

Each heir property owner who occupies the property as a principal residence, other than the applicant, must provide an affidavit that authorizes the submission of this application (See Form 50-114-A).

Manufactured homeowners must provide:

- a copy of the Texas Department of Housing and Community Affairs statement of ownership showing that the applicant is the owner of the manufactured home;
- a copy of the sales purchase agreement, other applicable contract or agreement or payment receipt showing that the applicant is the purchaser of the manufactured home; or
- a sworn affidavit (see Form 50-114-A) by the applicant indicating that:
  1. the applicant is the owner of the manufactured home;
  2. the seller of the manufactured home did not provide the applicant with the applicable contract or agreement; **and**
  3. the applicant could not locate the seller after making a good faith effort.

ADDITIONAL INFORMATION REQUEST

The chief appraiser may request additional information to evaluate this application. Property owner must comply within 30 days of the request or the application will be denied. The chief appraiser may extend this deadline for a single period not to exceed 15 days for good cause shown. (Tax Code Section 11.45)

DUTY TO NOTIFY

Property owner must notify the chief appraiser in writing before May 1 of the year after his or her right to this exemption ends.

EXEMPTION QUALIFICATIONS

General Residence Homestead Exemption (Tax Code Section 11.13(a) and (b))
Property was owned and occupied as owner's principal residence on Jan. 1. No residence homestead exemption can be claimed by the property owner on any other property.

Disabled Person Exemption (Tax Code Section 11.13(c) and (d))
Persons under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance. Property owners not identified on a deed or other instrument recorded in the applicable real property records as an owner of the residence homestead must provide an affidavit or other compelling evidence establishing the applicant's ownership interest in the homestead. (See Form 50-114-A) An eligible disabled person age 65 or older may receive both exemptions in the same year, but not from the same taxing units. Contact the appraisal district for more information.

Age 65 or Older Exemption (Tax Code Section 11.13(c) and (d))
This exemption is effective Jan. 1 of the tax year in which the property owner becomes age 65. Property owners not identified on a deed or other instrument recorded in the applicable real property records as an owner of the residence homestead must provide an affidavit or other compelling evidence establishing the applicant's ownership interest in the homestead. (See Form 50-114-A) An eligible disabled person age 65 or older may receive both exemptions in the same year, but not from the same taxing units. Contact the appraisal district for more information.

Surviving Spouse of an Individual Who Qualified for Age 65 or Older Exemption (Tax Code Section 11.13(q)):
Surviving spouse of person who qualified for the age 65 or older exemption may receive this exemption if the surviving spouse was 55 years of age or older when the qualifying spouse died. The property must have been the surviving spouse's residence homestead at the time of death and remain the surviving spouse's residence homestead. This exemption cannot be combined with an exemption under 11.13(d).

100 Percent Disabled Veterans Exemption (Tax Code Section 11.131(b))
Property owner who receives a 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or individual unemployability from the U.S. Department of Veterans Affairs or its successor. Documentation must be provided to support this exemption request.

Surviving Spouse of a Disabled Veteran Who Qualified or Would Have Qualified for the 100 Percent Disabled Veteran's Exemption (Tax Code Section 11.131(c) and (d))
Surviving spouse of a disabled veteran (who qualified for an exemption under Tax Code Section 11.131(b) at the time of his or her death or would have qualified for the exemption if the exemption had been in effect on the date the disabled veteran died) who has not remarried since the death of the veteran. The property must have been the surviving spouse's residence homestead at the time of the veteran's death and remain the surviving spouse's residence homestead.

Donated Residence Homestead of Partially Disabled Veteran (Tax Code Section 11.132(b))
A disabled veteran with a disability rating of less than 100 percent with a residence homestead donated by a charitable organization at no cost or at some cost that is not more than 50 percent of the good faith estimate of the market value of the residence homestead as of the date the donation is made. Documentation must be provided to support this exemption request.

Surviving Spouse of a Disabled Veteran Who Qualified for the Donated Residence Homestead Exemption (Tax Code Section 11.132(c) and (d)):
Surviving spouse of a disabled veteran (who qualified for an exemption under Tax Code Section 11.132(b) at the time of his or her death) who has not remarried since the death of the disabled veteran and maintains the property as his or her residence homestead.

Surviving Spouse of a Member of Armed Services Killed in Action (Tax Code Section 11.133(b) and (c))
Surviving spouse of a U.S. armed services member who is killed in action who has not remarried since the death of the service member. Documentation must be provided to support this exemption request.

Surviving Spouse of a First Responder Killed in the Line of Duty (Tax Code Section 11.134)
Surviving spouse of a first responder who is killed or fatally injured in the line of duty who has not remarried since the death of the first responder. Documentation must be provided to support this exemption request.