

# Homestead and Over 65 Exemptions

How does it work?

## Formula

- Home Appraised Value      \$
- - Less Homestead Percentage Reduction (if there is one)
- - Less Homestead Local Option (if there is one)
- - Less Over 65 State Exemption (if there is one)
- - Less Over 65 Local Option Exemption (if there is one)
- = TOTAL TAXABLE VALUE

# Differences between others tax entities and school districts

## School Districts

- School districts are the **only** tax entities with STATE MANDATED exemption amounts for Homestead and Over 65/Disabled Persons
- School districts are STATE MANDATED to set **tax ceilings** when over 65/disabled persons receive exemption

## Municipal/County/Junior Colleges

- All exemptions are **optional** choice by **local** governing body
- Tax ceilings are an **optional** choice by **local** governing bodies

## WHAT IS A TAX CEILING?

A tax ceiling is the tax amount calculated after all exemptions were applied in the FIRST YEAR THAT THEY RECEIVE THE OVER 65/DISABLED PERSON EXEMPTION.

- WHAT IMPACT DOES A TAX CEILING HAVE TO THE TAXPAYER?
- Whatever you pay that first year will be your TOP AMOUNT that you can be assessed from that point forward with a school district or tax entity that has adopted a tax ceiling option. YOU ARE NO LONGER IMPACTED BY VALUE CHANGES OR TAX RATE INCREASES.

# What was the purpose of the homestead exemption and tax ceiling?

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The Texas State Legislature tried to provide two things in their homeowners exemptions:

Your home receives a reduction to the appraised value because it is your homestead. This is known as the homestead exemption, available to all homeowners with application to the Appraisal District.

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If you are over 65/disabled person the tax ceiling was instituted first for school districts so that a homeowner most likely to be on a fixed income could plan for the amount that they could expect to pay each year for school taxes. This was later expanded as an option to other tax entities if they locally chose to grant it as well.

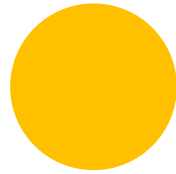
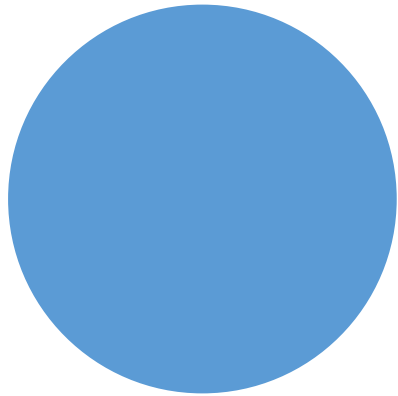
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## Other Protections Given to the Elderly

The over 65/disabled person is allowed each year to ask to pay in quarterly payments without late fees so that it assists the taxpayer with a fixed income to spread the cost out without fear of late fees.



The over 65/disabled person is also allowed to file a “deferral” on their taxes if they are unable to pay due to income. This protects the property from being sold for back taxes during their ownership. The interest fees are also reduced during this period of assessment.



How do the exemption amounts  
stack up in our region?

SCHOOL DISTRICTS

## Area School District State and Local Homestead/Over 65 Exemptions

SCHOOL DISTRICT	HOMESTEAD STATE	HOMESTEAD LOCAL OPTION	OVER 65 STATE	OVER 65 LOCAL OPTION
Aldine ISD	ALL SCHOOLS \$25,000	0%	ALL SCHOOL \$10,000	10,000
Alief ISD	25,000	0%	10,000	13,330
Channelview ISD	25,000	0%	10,000	30,000
Crosby ISD	25,000	0%	10,000	15,000
Clear Creek ISD	25,000	5%	10,000	18,330
Cy-Fair ISD	25,000	20%	10,000	15,000
Dayton ISD	25,000	0%	10,000	14,300
Deer Park ISD	25,000	20%	10,000	33,300
Galena Park ISD	25,000	20%	10,000	7,400
Goose Creek CISD	25,000	10%	10,000	15,000
Houston ISD	25,000	20%	10,000	5,000
Huffman ISD	25,000	0%	10,000	16,670
Humble ISD	25,000	0%	10,000	5,000
Katy ISD	25,000	0%	10,000	10,000
Klein ISD	25,000	0%	10,000	13,330
La Porte ISD	25,000	20%	10,000	50,000
New Caney ISD	25,000	0%	10,000	-
Pasadena ISD	25,000	10%	10,000	5,000
Pearland ISD	25,000	0%	10,000	3,800
Sheldon ISD	25,000	20%	10,000	10,860
Spring ISD	25,000	0%	10,000	20,000
Spring Branch ISD	25,000	20%	10,000	21,400
Stafford MSD	25,000	20%	10,000	-
Tomball ISD	25,000	0%	10,000	22,000
Waller ISD	25,000	0%	10,000	-



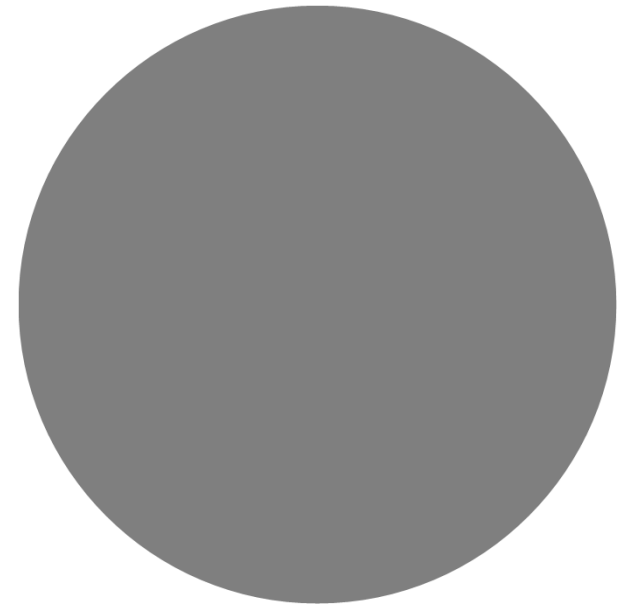
Are there any  
special rules  
to the cost of  
these  
exemptions  
for a school  
district?

- TEA will only reimburse 50% for loss from “local option” exemptions. This translates a funding loss to that school district for providing that additional local option exemption amount. This is the reason for few local option exemptions by school districts as it takes dollars from the support of the classroom.

# Municipal and Junior College

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These tax entities can choose what they provide and they are not penalized in any way other than what can the operational budget afford to remove from revenue to cover the cost of providing the exemption. State law allows homestead exemptions an amount up to a maximum of 20%, and over 65/disabled person exemption has no limit set on it by the legislature.



## Local Region Municipal Homestead/Over 65 Exemptions Granted

Municipalities	Local Homestead	Local Over 65	Municipalities	Local Homestead	Local Over 65
Baytown	20%	50,000	League City	20%	45,000
Bellaire	20%	135,000	Missouri City	0%	15,000
Bunker Hill Village	0%	15,000	Morgan's Point	20%	1,000,000
Deer Park	20%	50,000	Nassau Bay	1%	20,000
El Lago	8%	10,000	Pasadena	15%	50,000
Friendswood	20%	25,000	Pearland	2.5%	40,000
Galena Park	0%	30,000	Piney Point Village	0%	21,000
Hedwig Village	20%	20,000	Seabrook	20%	25,000
Hilshire Village	20%	40,000	Shoreacres	20%	40,000
Houston	20%	160,000	South Houston	0%	40,000
Humble	0%	160,000	Southside Place	0%	185,000
Hunters Creek Village	0%	10,000	Spring Valley	20%	20,000
Jacinto City	0%	40,000	Taylor Lake Village	0%	10,000
Jersey Village	8%	50,000	Tomball	0%	90,000
Katy	20%	100,000	Waller	5%	20,000
La Porte	20%	60,000	Webster	20%	65,000
			West University Place	0%	185,000

## Local Region Junior College Homestead/Over 65 Exemptions Granted

Junior College	Local Homestead	Local Over 65
Houston Community College	10%	120,000
Lee Junior College	20%	50,000
Lone Star College	1%	75,000
San Jacinto Jr. College	1%	127,500

## Additional Revenue Losses From a Tax Ceiling

Over time a property with a tax ceiling value can increase or the tax rate can change but the taxpayer is still paying at their ceiling limit or below. The difference between what they would have paid without the ceiling is called the ceiling loss or often referred to as the **Frozen Levy Loss**.

The District currently reflects an additional revenue loss as a result of these ceiling limitations of:

\$2, 272,727 additional revenue loss dollars

- **Goose Creek CISD Tax Ceiling Loss**

The District has 11,126 tax ceiling accounts. The volume of the number of qualified ceiling accounts. This information is a factor in any tax entity for determining revenue loss impact and what they can afford to provide to the taxpayer. As with school districts there is always the additional tax ceiling (frozen levy loss) added as well. Other tax entities can choose if they offer a ceiling limitation or not.