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Spring 2009

Over 65 and Thinking of Downsizing?

By Mike Peterson

Did you know that state law protects your over-65 school district tax ceiling if you move? You are probably aware that once you reach age 65, your school taxes may not be increased, despite increases in value or tax rates, unless you make improvements to your property that increase its value. As you get older that "ceiling" may become more and more valuable as values and tax rates increase. Many elderly feel that the tax savings from the "ceiling" is a strong incentive to stay in their homes. However, Section 11.26(g) of the Texas Property Code provides that your "ceiling" is transferable to a new home, based upon the percentage of tax that was excluded in your old home due to the "ceiling." The Texas Comptroller gives an example of how this "ceiling transfer" works: "The ceiling on the new home would be calculated to give you the same percentage of tax paid as the ceiling on the original home. For example, if you currently have a tax ceiling of \$100, but would pay \$400 without the ceiling, the percentage of tax paid is 25 percent. If you move 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." That would also be true if you moved to a smaller, less expensive home. Under the same facts as above, if the taxes on the new home would normally have been \$300 in the first year, then you would only pay 25% of that or \$75 and that would become your new tax "ceiling." Appraisal Districts in Texas are required to provide you with a transfer certificate showing the percentage you pay. You should order that certificate when you move and provide it to the new appraisal district when you apply for your homestead exemption in that district. ■

