



New Homestead Exemption for Disabled Veterans

Property Tax Assistance • August 2009

In November 2007, Texas voters overwhelmingly approved Proposition 9 amending the Texas Constitution to authorize the Legislature to exempt all or part of the residence homesteads of disabled veterans from ad valorem taxation and changing the amounts of the existing exemption from ad valorem taxation to which a disabled veteran was entitled.

Because the Constitutional amendment only authorized the 100 percent residence homestead exemption, enabling legislation was required. The Regular Session of the 81st Legislature enacted House Bill 3613 by Rep. John Otto. HB 3613 restates the Constitutional partial exemption amounts in Property Tax Code Section 11.22 and adds Property Tax Code Section 11.131 that creates a new exemption that provides a 100 percent exemption of the appraised value of certain veterans' residence homesteads. The bill became effective on June 19, 2009.

Q&A: The New Homestead Exemption for Disabled Veterans

Who qualifies for the exemption?

To qualify for this new exemption, a veteran must meet the following criteria:

- ✓ Served in the armed forces of the United States;
- ✓ Been classified as disabled by the U. S. Department of Veterans Affairs (VA) as a result of a service-connected disability;
- ✓ Received 100 percent disability compensation from the VA; and
- ✓ Received either a 100 percent disability rating or been classified unemployable by the VA.

The veteran must own a home that is approved as his or her residence homestead. A residence homestead is a structure designed or adapted for human residence that is occupied as the principal residence by the property's owner.

What is the amount of the exemption?

Qualifying veterans are entitled to an exemption of the total appraised value of the home. They will not have to pay property taxes on the homestead to any taxing entity.

This complete exemption also applies to a veteran who owns the homestead as community property with a spouse. If, however, the veteran owns the homestead jointly with someone else, not as community property, the veteran is eligible for the exemption of 100 percent of his or her ownership interest and not on the entire property's appraised value.

HB 3613 also allows veterans who are partially disabled to qualify for exemptions based on the percent of their disability rating. The exemption amounts for any property owned by qualifying disabled veterans, as defined in Property Tax Code Section 11.22, is as follows:

- ✓ a disability of 10 to 29 percent permits a \$5,000 exemption;
- ✓ a disability of 30 to 49 percent permits a \$7,500 exemption;
- ✓ a disability of 50 to 69 percent allows for a \$10,000 exemption; and
- ✓ a disability of 70 percent or more provides for a \$12,000 exemption.

For More Information

For additional information on the 100 percent veterans' residence homestead exemption contact the Comptroller of Public Accounts at this address:

Property Tax Assistance Division
P. O. Box 13528
Austin, Texas 78711


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Phone: (800) 252-9121

Fax: (512) 463-2427

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information visit our Web site at www.window.state.tx.ustaxinfo/proptax or call **(800) 252-9121** or **(512) 305-9999**.

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A 100 percent disabled veteran who qualifies for the \$12,000 exemption under Property Tax Code Section 11.22 may apply the \$12,000 exemption to another property he or she owns, other than his or her residence homestead.

What are the rights of a disabled veteran's surviving spouse?

HB 3613 does not allow the surviving spouse of an eligible veteran to receive the 100 percent residence homestead exemption. Voters would have to approve a Constitutional amendment authorizing the Legislature to pass on the exemption to a disabled veteran's surviving spouse.

Surviving spouses will be able to receive the exemption allowed for persons age 65 and older or persons with disabilities. Property Tax Code Section 11.13 (c) and (d) exemptions will continue to apply and surviving spouses can receive that benefit. Likewise, mandatory school and optional city, county and junior college district tax freezes afforded by Property Tax Code Section 11.26 will pass to the surviving spouse.

Appraisal district records should reflect eligibility exemptions for persons age 65 or older or persons with disabilities. Appraisal records must also contain tax freezes so that a veteran's surviving spouse has the full benefit he or she is entitled to under state law.

When does the exemption go into effect?

HB 3613 makes the exemption effective for the 2009 tax year, which means that it is retroactive to Jan. 1, 2009. If the veteran qualified for the exemption under the new law as of the first of the year, he or she may qualify for the full exemption for 2009 taxes. A legal question exists concerning eligibility for the exemption if the veteran did not acquire the residence homestead until after Jan. 1, 2009; the property owner should seek advice from an attorney about this issue.

Where can veterans get this exemption?

Application for veterans' exemptions must be made to the chief appraiser of the appraisal district where the property is located. If the veteran does not know which appraisal district serves his or her area, he or she may call the Comptroller's technical assistance staff at (800) 252-9121 or search for the appraisal district at the Comptroller's Web site at <http://window.state.tx.us/taxinfo/proptax/apprdir09/index.html>.

Veterans can obtain information about disability ratings or employability from the VA at (800) 827-1000 or visit its Web site at www.va.gov.

How can veterans get this exemption?

To receive the 100 percent disabled veterans' homestead exemption, a veteran needs to apply for the exemption for tax year 2009 with his or her appraisal district using Comptroller Form 50-764, *Application for Residence Homestead Exemption for Disabled Veteran with 100 Percent Disability*. This form has been tagged as "temporary" until a new residence homestead application form can be officially adopted by rule. A veteran may also use a form provided by his or her appraisal district.

The veteran must attach documentation from the VA showing his or her 100 percent disability compensation. The veteran must also provide documentation that shows the 100 percent disability rating or unemployability. The veteran must mail or deliver the application to the chief appraiser at the appraisal district. The chief appraiser will consider the application even after the deadline for filing has passed if it is filed no later than one year after the taxes become delinquent. That date is generally Feb. 1 of the year following the tax year.

Once an application is approved, the veteran will not have to reapply, unless the VA changes the veteran's disability status or the appraisal district requests a new application.