

Exemptions and other Consideration for Individuals Qualifying for Social Security Disability

There are new laws governing Disability benefits for property taxes

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How do I get a Disability Exemption?

You must contact the appraisal district and request an application for Social Security Disability Exemption. Otherwise, the CAD will not know you qualify. **You will need to bring a copy of your letter from Social Security stating that you have been granted disabled status.** The application is simple to complete and the CAD staff will be glad to assist you. **THERE IS NO FEE FOR THE APPLICATION!**

Will I see a reduction in my tax bill?

You will see a reduction in your school tax bill. Schools are mandated by the state to grant an additional \$10,000 of exemption for Disabled individuals. Other taxing authorities like cities and counties are not required to do this.

Are my taxes “frozen” when I qualify for S. S. Disability?

In the past, the answer would have been no. However, as a result of legislation in 2003, Disabled individuals are now able to take advantage of this “freeze”. In reality, the “freeze” should be referred to as a *limitation*. The *limitation* is generally equal to the calculated amount of your school tax bill in the year you qualify for the S. S. Disability exemption. In subsequent years, the school tax bill may not exceed that amount. However, if in a subsequent year, your tax bill is less than the *limitation* then you pay the LESSER amount!

I have had a S. S. Disability prior to 2003. How will my Limitation be set?

Your limitation will be set at the tax amount calculated for the 2003 tax year.

Will my *Limitation* amount ever change?

The limitation can only change under certain circumstances. If you substantially modify your home, then the limitation can change. These modifications generally include expansions of square footage (adding a room or enclosing a garage), or adding outbuildings. However, maintenance and remodel activities like re-roofing, painting, new carpets or updating appliances will not cause your limitation to change.

Is my entire property covered by the Disability Limitation?

Only your home and the land that is typically maintained as your yard are covered. Many property owners have excess acreage and other structures like shops and barns on their property. The excess acreage and non-residential structures are not covered by the Disability Limitation. The amount of acreage and types of structures that do qualify are determined on a case by case basis. If you have questions about your specific property, contact CCAD.

Can I get *both* the Over 65 and Social Security Disability?

No. A property owner may not have both benefits.

Can I take my school *Limitation* with me when I move?

If you move to another home, what you can take is the percentage of tax paid with you. The percentage of tax paid can be simply described by the following example.

House #1

\$900 Limitation ÷ \$1,500 Without Limitation = 75% Percentage of Tax Paid

House #2

\$2,500 bill the first year x 75% = \$1,875 Limitation on House #2

In this example, the owner takes with them the 75% figure to the new property. That percentage is applied to the first school tax bill to get an adjusted tax amount that becomes the *Limitation* on the new house.

This arrangement is referred to as “portability” and applies to school taxes. Different rules apply to the portability of non-school taxes. As will be discussed below, cities, counties and junior colleges may also offer the Limitation. In these cases, you may take advantage of portability only if you move to another home in the same city or county. To understand what your percentage would be or to clarify the rules for non-school portability, contact CCAD.

Are schools the only taxing authority allowed to offer the Limitation?

In the past the answer would be yes. However, as a result of legislation in the 2003 regular session, cities, counties and junior college districts are now allowed to offer the limitation.

Will we automatically see these other taxing authorities offer the Limitation?

The answer is no. It is left up to each individual city, county and junior college as to whether or not to offer the Limitation. But, if the governing body of these jurisdictions opt not to offer the limitation, state law gives the taxpayers the right to force the issue.

How do taxpayers compel their city, county or junior college to offer the Limitation?

If taxpayers collect a petition containing 5% of the registered voters of the applicable taxing jurisdiction, the governing body must hold an election on the issue. If the result of the election favors allowing the *Limitation*, then the governing body must offer it.

Why wouldn't a jurisdiction want to offer the Limitation?

Some jurisdictions (most commonly small cities) have a small tax base. And within that tax base, a great percentage of the population is made up of individuals over the age of 65 and Disabled individuals. If a jurisdiction in this situation were to offer the Limitation, it could hamper its ability to raise tax levy over the years as the cost of goods and services increase. In this situation, the tax burden for local government services would be unfairly shifted to the non-disabled, owners under 65 and other types of property. Because of this, each community must decide what is best for them.

Please contact us with any questions or concerns you might have.