

Exemptions and other consideration for individuals over the age of 65

Will I see a reduction in my tax bill when I turn 65?

You will see a reduction in your school tax bill. Schools are mandated by the state to grant an additional amount of exemption for anyone 65 or older. Other taxing authorities like cities and counties are not required to do so. However, most jurisdictions in Polk County grant some amount of over 65 exemption.

Please refer to the back panel of this brochure for a listing of jurisdictions and exemption amounts.

Do I automatically receive this exemption?

No. You must contact the Appraisal District and request an application for your over 65 exemption otherwise the CAD will not know you qualify. The application is very simple to fill out and the CAD staff will be happy to help you.

There is no fee for the application.

Are my taxes “FROZEN” when I turn 65?

The term frozen is commonly used in reference to over 65 taxes. In reality, it 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 over 65 exemption. In subsequent years, the school tax bill may not exceed that amount. However, if in a subsequent year you tax bill is less than the limitation then you will pay the lesser amount.

Will my limitation amount ever change?

The limitation can only change under certain circumstances. If you substantially modify your home the the limitation can change. These modifications generally include: Expansions of square footage (adding a room or enclosing a garage), or adding out buildings. However, maintenance and remodeling activities such as: re-roofing, painting or new carpeting or even up dating appliances will not cause your limitation to change.

Is my entire property covered by the over 65 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 over 65 limitation. The amount of acreage and types of structures that do qualify are determined on a case by case basis. If you have questions please contact our friendly customer service department.

Can I take my school limitation with me when I move?

Not literally. But what you can do is take the percentage of tax paid with you. The percentage of tax paid can be simply described by the following example.

House #1 \$900 limitation / \$1500 without limitation = 75% of tax paid.

House #2 \$2500 bill the first year x 75% = \$1875 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 our office.

Some people I know don’t pay any school taxes. Why is that?

These individuals probably have a \$0 limitation. The reason for this is in the valuation of their property when they qualified for the over 65.

Consider this example:

Appraised value of property.....	\$23,000
General homestead exemption.....	\$15,000
Mandated over 65 exemption.....	\$10,000
Optional over 65 exemption.....	\$ 5,000
Taxable value.....	\$ 7,000

The exemptions total more than the appraised value of the property. Therefore, they would have a \$0 tax bill. If this occurred the year they qualified for the over 65 then their limitation would have been set at \$0.00.

Are schools the only taxing authority allowed to offer this?

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 opts 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 unit's 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. 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 owners under age 65 and other types of property.