



Bethany Boyd

Bill Analysis
Legislative Service Commission

S.B. 199

123rd General Assembly
(As Introduced)

Sen. Spada

BILL SUMMARY

- Authorizes school boards to adopt resolutions exempting property owners who qualify for the homestead reduction from future increases in school district property taxes.

CONTENT AND OPERATION

Homestead exemption eligibility and the bill's tax reduction

(secs. 323.152, 4503.065, and 5705.262(B))

The bill establishes a procedure whereby a board of education of a city, local, exempted village, joint vocational, or cooperative education school district, or of a county school financing district (a consortia of county school districts joining to levy taxes and share the revenue) may provide by resolution for a reduction in taxes levied by the board against "eligible homesteads." An "eligible homestead" is a homestead entitled to a reduction in property taxes (sec. 323.152) or a manufactured or mobile home entitled to a reduction in manufactured home taxes (sec. 4503.065) under existing laws.

Under these laws, a reduction in taxes is available to limited-income homeowners who are 65 years of age or older, or permanently and totally disabled. Surviving spouses of persons who received the reduction at the time of death also qualify for it, provided the surviving spouse is between ages 59 and 65 when the deceased spouse dies. A similar reduction is available under the manufactured home tax for limited-income owners of manufactured and mobile homes who satisfy the same criteria. Both reductions, generally known as the "homestead

exemption," are granted in the form of a reduction in taxes on the homestead or manufactured or mobile home.¹

The reductions are computed under continuing law by determining the reduction in "taxable value" that applies to a homestead. In the case of the manufactured or mobile home exemption, the reduction is in "assessable value." The reduction is prescribed in a statutory table that is adjusted yearly by the Tax Commissioner to reflect inflationary changes, and depends on the total income of the eligible homeowner and his or her spouse. The local tax rate is multiplied by the reduction in taxable or assessable value to arrive at the amount of the reduction in taxes.

Board of education may reduce taxes

(secs. 323.152(B), 4503.065(B), and 5705.262)

The bill authorizes a board of education to further reduce taxes on eligible homesteads that are situated in the school district for each year for which the owner obtains a certificate of reduction from the county auditor showing that the homestead or manufactured or mobile home is entitled to the homestead exemption. The board may provide for the reduction in taxes in one of the following ways:

(1) The board, by a resolution adopted at any time, may direct the county auditor to reduce the taxes charged by *all* property tax levies imposed on eligible homesteads by the board;

(2) The board, at the time that it adopts a resolution levying a property tax, may provide in the resolution that the county auditor must reduce the taxes charged by that *particular* levy against eligible homesteads.

The board must certify a copy of the resolution adopted under (1), or a copy of the resolution levying a tax under (2) after the tax is approved by the voters (if required), to the county auditor not later than April 1 or at such later date as is approved by the Tax Commissioner under existing tax levy law (sec. 5705.34).

A board of education may not adopt a resolution reducing all property tax levies charged against eligible homesteads if the board previously adopted a

¹ *Manufactured homes and mobile homes are taxed like real property if they become permanently affixed to land in Ohio on or after January 1, 2000, or if they are permanently affixed before that date and the owners choose to have them taxed as real property.*

resolution reducing a particular levy, unless the board first repeals the resolution that reduced the particular levy. A board may adopt a resolution reducing a particular levy if the board previously adopted a resolution that is still in effect that (at a point in time) reduced all property tax levies.

Calculation of reduction if all tax levies are reduced

(secs. 323.152(B)(1), 4503.065(B)(1), and 5705.262 (B)(1))

If the board of education adopts a resolution that reduces the taxes charged by *all* property tax levies imposed on eligible homesteads, the county auditor must compute the reduction in the eligible homestead's taxable (or assessable) value as follows:

(1) For a person who first qualified for the homestead reduction (or reduction in assessable value) *prior to tax year 2000*, the new reduction equals the product obtained by multiplying the taxable value of the homestead or assessable value of the manufactured or mobile home by an amount that is equal to one minus a fraction, the numerator of which is the "aggregate rate of all school district taxes" levied against the homestead or manufactured or mobile home in tax year 2000 that continue to be levied in the tax year for which the current certificate of reduction is issued, and the denominator of which is the aggregate rate of all school district taxes levied against the homestead or manufactured or mobile home in the tax year for which the current certificate is issued.²

(2) For a person who first qualifies for the homestead reduction (or reduction in assessable value) *in tax year 2000 or thereafter*, the new reduction in taxable or assessable value equals the product obtained by multiplying the taxable value of the homestead or assessable value of the manufactured or mobile home by an amount that is equal to one minus a fraction, the numerator of which is the aggregate rate of all school district taxes levied against the homestead or manufactured or mobile home in the tax year for which a certificate of reduction was first issued for the person and that continue to be levied in the tax year for which the current certificate is issued, and the denominator of which is the aggregate rate of all school district taxes levied against the homestead or manufactured or mobile home in the tax year for which the current certificate is issued.

² *The bill defines the "aggregate rate of all school district taxes" as the sum of the rates levied by the board of education that adopted the resolution or as extended on the county tax lists and duplicates by the county auditor. A tax that has been renewed or replaced by another tax levied in the current tax year continues to be levied, for purposes of this computation, at the rate at which the renewal or replacement tax is levied.*

The county auditor must compute this reduction for each year the taxes are levied or until the resolution is repealed.

Calculation of reduction if a particular tax levy is reduced

(secs. 323.152(B)(2), 4503.065(B)(2), and 5705.262(B)(2))

If the board of education adopts a resolution to reduce the taxes charged by a *particular* levy against eligible homesteads, the reduction must equal the product obtained by multiplying the taxable value of the homestead or assessable value of the manufactured or mobile home by the rate of the tax levied pursuant to that resolution in the current tax year.

The county auditor must compute this reduction for each year the tax is levied or until the resolution is repealed.

Technical revisions

(secs. 319.202, 323.153, 323.154, 323.156, 323.158, 4503.06, 4503.064, and 4503.068)

The bill makes various technical changes in statutes to reference the new reduction.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-28-99	p. 1126

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