



**Sub. H.B. 416**

124th General Assembly  
(As Passed by the General Assembly)

- Reps.** Trakas, Evans, Seitz, Sullivan, Seaver, Patton, Schmidt, Jerse, Oakar, Carano, Faber, Collier, Allen, Schneider, Schaffer, Britton, Williams, Latta, Kilbane, Gilb, Niehaus, Callender, Hartnett, Brown, Olman, Calvert, Blasdel, Grendell, Carey, Aslanides, Cates, Sulzer, Willamowski, Perry, Distel, Flannery, DePiero, Jolivette, Ogg, Hughes, Carmichael, Womer Benjamin, Webster, Reidelbach, Otterman, G. Smith, Roman, Hoops, Coates, Latell
- Sens.** Amstutz, Roberts, Blessing, Spada, Harris, Jacobson, Fingerhut, Randy Gardner, Robert Gardner, Prentiss, Mumper, Hagan, Nein, Wachtmann, Finan, Hottinger, Coughlin

**Effective date:** \*

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**ACT SUMMARY**

- Grants a property tax exemption for homes for the aged, and independent living facilities operated in conjunction with them, that are owned by a church or a charitable or fraternal organization and occupied by clergy, members of a religious order, or other organization members who have retired from unpaid service to the church or a charitable, fraternal, or educational institution.

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**CONTENT AND OPERATION**

**Homes for the aged: tax exemption under continuing law**

(sec. 5701.13(B))

Under continuing law, property tax exemption is granted for nursing homes, retirement homes, and similar homes for persons who are elderly or who

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\* *The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared. Additionally, the analysis may not reflect action taken by the Governor.*

require nursing or assistance with daily activities. But to be exempted from taxation, such a home must satisfy certain conditions, as follows:

(1) It must be licensed as a nursing home, residential care facility, or adult care facility (these terms are defined under "*Definitions*," below).

(2) It must be owned by a nonprofit, federally tax-exempt organization formed for a religious, charitable, or fraternal purpose.

(3) It must be open to the public without regard to "race, color, or national origin."

(4) It does not pay unreasonably high compensation, unreasonably high prices for land, building, equipment, or supplies, or unreasonably high interest.

(5) It provides care for the remaining lifetime of residents, even if the resident is unable to continue paying the whole cost of the care.

If only part of a home satisfies these five conditions, then only that part qualifies for exemption from taxation.

***Exemption granted to homes for retired members of certain institutions***

(secs. 5701.13(B)(2) and 5709.12(C)(2))

The act extends qualification for property tax exemption to certain kinds of homes for the aged satisfying some, but not all, of the foregoing conditions, as well as satisfying certain other conditions. To qualify under the act's extended exemption, a home must satisfy the conditions described in paragraphs (2), (4), and (5), above, and two additional conditions:

- It is a "nursing home," "residential care facility," or "adult care facility," except that the home need not be licensed as such.
- It is provided at no charge to aged or infirm members of the organization owning the home on account of their uncompensated service to a religious, charitable, educational, or fraternal organization (not necessarily service to the organization that owns the home).<sup>\*</sup> For the purpose of determining whether a member was compensated, the following cash or in-kind payments do not count: room and board,

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<sup>\*</sup> *For example, nuns who are members of a religious order and who have worked in a school or hospital.*

clothing, health care, or necessities provided to the member, or a stipend or other form of minimal payment to cover living expenses.

### **Independent living facilities**

(sec. 5709.12(C)(2))

The act also extends qualification for property tax exemption to independent living facilities affiliated with these homes for the aged. "Independent living facilities" are residential facilities that do not meet the statutory definitions for nursing homes, residential care facilities, or adult care facilities (because the occupants do not receive the same care, or necessarily have the same living arrangements, as do occupants of those homes and facilities).

To be exempted from taxation under the act, the independent living facility must be operated by the religious, charitable, or fraternal organization in conjunction with, or at the same location as, a home for the aged qualifying for exemption as described above. The facility must be operated exclusively for the benefit of the organization's retired, aged, or infirm members in consideration of their uncompensated service to a religious, charitable, educational, or fraternal institution, and it must be provided to them at no charge. ("Uncompensated service" is determined as explained above.)

Under prior law, independent living facilities were not themselves exempted from taxation, but certain common areas used by both residents of the affiliated nursing home and residents of the independent living facility were exempted, as were common areas used primarily by residents of the nursing home.

### **Effective date**

(Section 3)

The exemption first applies to property tax year 2002 (i.e., it first affects taxes payable in 2003).

### **Definitions**

The kinds of homes qualifying for tax exemption under the act must satisfy definitions in continuing law for "nursing home," "residential care facility," or "adult care facility," but they do not have to be licensed as such. Homes are distinguished primarily on the basis of living arrangements and the kind of care provided, as evidenced by the following definitions:

- A "nursing home" is a home providing accommodations for three or more unrelated persons who require skilled nursing care or personal

care services (e.g., assistance with daily living activities) because of illness or physical or mental impairment. (Sec. 3721.01.)

- A "residential care facility" is a home providing accommodations for 17 or more unrelated persons, at least three of whom require supervision and personal care services because of age or physical or mental impairment. (Sec. 3721.01.)
- An "adult care facility" is a home providing accommodations for between three and 16 unrelated persons, at least three of whom require personal care services. (Sec. 3722.01.)

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-23-01	pp. 974-975
Reported, H. Ways & Means	03-14-02	p. 1551
Passed House (97-0)	03-20-02	pp. 1583-1584
Reported, S. Ways & Means	05-15-02	p. 1774
Passed Senate (33-0)	05-15-02	pp. 1775-1776

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