



H.B. 270

125th General Assembly
(As Introduced)

Reps. T. Patton, S. Patton, Callender, Cates, C. Evans, Gibbs, Hollister, Kearns, McGregor, Young, Allen, DePiero, Distel, Key, Perry, Price, Seaver

BILL SUMMARY

- Grants a property tax reduction for homeowners aged 65 or older that has the effect of preventing future increases in the homeowner's property taxes.
- Provides state reimbursement for the tax reduction to school districts and other local governments.
- Affects taxes payable in 2005 and thereafter.

CONTENT AND OPERATION

Residential tax reduction that "freezes" taxes for elderly homeowners

(secs. 323.152(C), 4503.064(I) and (J), and 4503.065(B))

The bill grants an additional property tax reduction for residences owned and occupied by persons who are at least 65 years of age. The reduction is to be computed so that the amount of taxes charged against the residence each year ("current taxes") equals the amount charged in the year before the homeowner turns 65 ("original taxes"). Therefore, taxes do not increase after the homeowner turns 65. If, for some reason, a homeowner does not receive this tax reduction for the same home until after he or she turns 65 (e.g., the homeowner relocates), then the reduction is computed so that current taxes equal the taxes charged in the year before the homeowner first receives the reduction.

In computing the amount of original taxes for a residence, any penalties, interest, special assessments, or previously outstanding or omitted taxes are not included. This means that if a homeowner owed any of these additional charges in the year for which original taxes are determined, the current taxes are reduced

down to the amount of property taxes owed that year, ignoring the fact that those additional charges made that year's tax bill temporarily higher. Also, original taxes are computed on the basis of a homeowner's net tax bill after reductions are made for the H.B. 920 credit, the 10% and 2-1/2% residential tax reductions, and the homestead exemption (if the homeowner is eligible for the exemption).

The bill's tax reduction also applies to manufactured homes whether they are taxed as real property or taxed under the manufactured home tax.

State reimburses local governments for tax reduction

(sec. 323.156--not in the bill)

School districts and other taxing authorities are to be reimbursed for the revenue that is denied them because of the tax reduction, just as they are reimbursed for the homestead exemption and the 10% and 2-1/2% residential tax reductions under existing law. The state must defray the county's administrative costs, by paying an additional 2% of the total amount by which taxes are reduced, as is done currently for the homestead exemption and 2-1/2% residential tax reduction. The 2% administrative cost reimbursement must be paid to the county's general fund as "payment . . . to the county auditor and treasurer for the costs of administering" the tax reduction.

Eligibility; application; administration

(secs. 323.152(C), 323.153, 323.154, 4503.064, 4503.065(B), 4503.066, and 4503.067)

To be eligible for the tax reduction, a person must turn 65 years of age at some time during the year for which the tax reduction is first made. The person must own and occupy the residence. No income limits apply.

Eligible homeowners must apply for the tax reduction in substantially the same way they apply for the homestead exemption. Homeowners need to apply for the tax reduction only once, and do not have to reapply unless they move to another home. They also are subject to the same penalties for falsifying their eligibility claims as are recipients of the homestead exemption; in the case of the bill's tax reduction, this involves falsifying either the claim that the person owns and occupies the home, or the claim that the person did not acquire the home from a relative solely for the purpose of obtaining the tax reduction. These are both grounds for penalties under the existing homestead exemption and 2-1/2% residential tax reduction laws.

In all respects, the tax reduction is to be administered in the same manner as the homestead exemption, except that no income verification is required.

Acknowledgment of tax reduction when selling home

(sec. 319.202(A)(1) and (2))

As is the case with the homestead exemption, homeowners who receive the bill's tax reduction must, when selling a home, indicate whether the buyer has been informed that the taxes have been reduced in the year of the sale, and, if they have been, indicate that the buyer and seller have agreed how the tax reduction will be divided between them.

Effective date

(Sections 3 and 4)

The bill applies to taxes charged for 2004 (i.e., taxes payable beginning in 2005) and thereafter in the case of homes that are real property or manufactured homes that are taxed as real property. In the case of manufactured homes that are subject to the manufactured home tax, the bill's tax reduction applies to taxes payable in 2005 and thereafter.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-04-03	p. 1043

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