**Bill Analysis**

*Peter A. Cooper* *Legislative Service Commission*

# H.B. 404

125th General Assembly
(As Introduced)

**Rep. Callender**

## BILL SUMMARY

- Expands eligibility for the homestead exemption for elderly and disabled homeowners by increasing the maximum income eligibility limits.
- Increases the tax reduction available to elderly and disabled homeowners under the homestead exemption.

## CONTENT AND OPERATION

***Ohio homestead exemption***

(R.C. 323.152 and 4503.065)

The homestead exemption is available for residences (including manufactured and mobile homes) that are owned and occupied by persons who are elderly or disabled and who have limited incomes. To be eligible for the homestead exemption, a household must have income (after certain adjustments) of $25,000 or less, and the owner or the owner's spouse must be (1) disabled, (2) at least 65 years of age, or (3) the surviving spouse who was between 60 and 65 years of age at the time of death of a spouse who received the exemption. The exemption is in the form of a reduction in the taxable value of the residence, which translates into a reduction in the tax bill. The extent of the reduction in taxable value depends on a person's income, with greater reductions afforded to those with relatively lower incomes, as follows:

| Income[1] | Reduction in Taxable Value |
|---|---|
| $0 to 12,900 | $5,000 or 75% (lesser of the two)[2] |
| $12,901 to 18,900 | $3,000 or 60% (lesser of the two) |
| $18,901 to 25,000 | $1,000 or 25% (lesser of the two) |

***Increase in income eligibility limits and tax reduction amounts***

The bill increases the income eligibility limits and increases the amount of the reduction in taxable value corresponding with each of the three income brackets as shown in the following table:

| Income | Reduction in taxable value |
|---|---|
| $0 to $15,000 | $15,000 or 75% (lesser of the two) |
| $15,001 to $25,000 | $10,000 or 60% (lesser of the two) |
| $25,001 to $35,000 | $5,000 or 25% (lesser of the two) |

The increase in the income limits and reduction amounts applies to both real property and manufactured and mobile homes. The bill's changes apply to real property taxes payable for 2004 (which are payable in 2005). The changes apply to manufactured and mobile homes for 2005 (which are payable in 2005). If a homeowner becomes eligible for the tax reduction because of the bill's increase in the income eligibility limits, the homeowner may apply for the reduction within 90 days after the bill's effective date, even if the application is filed after the normal due date (the first Monday in June).

[1] *These are the figures for 2004. The figures are adjusted each year to reflect increases in price levels.*

[2] *The lesser of the two is usually the dollar amount. In order for a residence to receive a 60% reduction in taxable value under current law, for example, it would have to have a taxable value of $5,000 or less, which equates to an appraised market value of only $14,286.*

## HISTORY

| ACTION | DATE | JOURNAL ENTRY |
|---|---|---|
| Introduced | 02-04-04 | p. 1603 |

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