



Joseph D. Heller

*Bill Analysis*  
*Legislative Service Commission*

**S.B. 223**  
127th General Assembly  
(As Introduced)

Sens. D. Miller, R. Miller, Jacobson

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**BILL SUMMARY**

- Requires county auditors to make reasonable attempts to identify property owners wrongfully receiving the 2.5% property tax or manufactured home tax rollback.
- Limits the recapture charge that may be imposed against a violator to the most recent five years the violator wrongfully received the rollback, plus interest.
- Requires that 10% of the charges collected be credited to the county rollback enforcement fund created by the bill, for use by the county auditor to enforce compliance.
- Provides a one-year amnesty period for property owners to report their illegal receipt of the rollback with immunity from prosecution and limited recapture charges.

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**CONTENT AND OPERATION**

**Tax rollback for owner-occupied homes**

(R.C. 323.153(C)(3) and 323.156)

Continuing law authorizes a 2.5% reduction or "rollback" in property taxes for owner-occupied homes, or in the case of a manufactured or mobile home, the manufactured home taxes charged against the owner-occupied home. To qualify for the rollback, the homeowner must obtain a certificate of reduction by applying for it with the county auditor of the county where the home is located. The application is a continuing application and need not be filed again until the home is transferred or no longer qualifies for the rollback because it is no longer owner-

occupied. The state reimburses taxing authorities for the rollback to replace the local revenue foregone with the rollback.

A property owner has the duty to notify the county auditor if the owner is no longer qualified for the rollback. The county auditor may impose a charge, with interest, against the property to recapture the amount by which taxes were reduced for each tax year the county auditor ascertains that the property was not entitled to the rollback. The recapture charge and interest is collected as other delinquent taxes.

**Proposed enforcement efforts; limit on recapture**

The bill requires county auditors to make reasonable attempts to identify owners of property receiving the 2.5% rollback that are not entitled to it. The bill limits the recapture charge that may be imposed for wrongful receipt of the rollback to not more than the five most recent years' worth of the rollback, plus interest. Of the amount of the recapture charge collected, 10% must be credited to the county rollback enforcement fund (to be created in the county treasury) for use by the county auditor to enforce compliance with the rollback law. The remainder must be credited to the county undivided income tax fund and distributed to taxing units as though the amount had been paid as taxes.

The bill reduces the amount of state reimbursement for the rollback by 90% of the amount of recapture charges collected by the county auditor from property owners who wrongfully received the rollback. This reduction prevents taxing units from both collecting the recaptured taxes and being reimbursed for the wrongful rollbacks. The remaining 10% for which reimbursement continues to be paid apparently corresponds with the 10% of recaptured rollbacks committed to the county rollback enforcement fund.

**One-year amnesty period**

(Section 3)

The bill requires the county auditor of each county to determine a date, to fall within one year after the bill's effective date, by which property owners who currently receive the 2.5% rollback must inform the county auditor or county treasurer that the property might not be entitled to the rollback. The property owner must provide the auditor or treasurer with the property owner's full name, the street address of the property, and the month and year the owner last used the property as the owner's homestead.

Persons who provide this notification within the amnesty period are immune from prosecution for making false statements for the purpose of obtaining

the rollback, or for knowingly failing to notify the county auditor of changes that have the effect of maintaining or securing the rollback. (Violating either of these prohibitions is a fourth-degree misdemeanor.) They also will be exempted from the existing penalty of becoming ineligible for the rollback for three years.

In lieu of imposing the existing recapture charge and interest for wrongfully receiving a rollback, if the county auditor determines that property improperly received the rollback for more than one year and that the property owner provided proper notice during the amnesty period, the property owner will be subject to a reduced charge equal to the rollback the property received for only one year. (In the case of real property, the amnesty recapture is for the rollback received in the preceding year; in the case of manufactured homes, the amnesty recapture is for the current year.<sup>1</sup>) If the property improperly received the rollback only for the preceding tax year (or current tax year if the property is subject to manufactured home taxes), no charge will be imposed so long as the owner provided the proper notice.

The bill requires county auditors to publicize the amnesty at a reasonable time before the amnesty deadline by publishing a notice reasonably calculated to reach property owners identified as those who might not be entitled to the rollback. The notice must state its purpose, the amnesty relief available, the amnesty deadline, how relief is to be applied for, and the potential consequences of not doing so.

Charges collected during the amnesty period must be credited as provided in the bill (10% to the county rollback enforcement fund and the remainder to the county undivided income tax fund).

**Technical correction**

(R.C. 323.152(E))

The bill corrects a reference in existing law to a penalty provision for failing to notify the county auditor of changes that affect a property owner's eligibility to maintain or secure the homestead exemption or 2.5% rollback. New divisions were previously added to the provision, but references were not revised in conjunction with the division additions.

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<sup>1</sup> Real property taxes are paid in arrears, for the previous tax year, but manufactured home taxes are paid in the current tax year.

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## HISTORY

ACTION

DATE

Introduced

09-27-07

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