



Ohio Legislative Service Commission

Bill Analysis

Joe McDaniels

H.B. 407

129th General Assembly
(As Introduced)

Reps. Beck, Boose, Combs

BILL SUMMARY

- Exempts from property taxation the increase in the assessed value of property that is developed for residential single-family dwellings while owned by or in the possession of a developer.

CONTENT AND OPERATION

Developer real property tax exemption

(R.C. 5709.29)

The bill exempts from property taxation the increase in the assessed value of "qualified residential property" owned by a developer until the developer transfers possession or title to another developer or person. Qualified residential property is land where one or more single-family homes have been, are being, or will be built, and includes wholly or partly constructed dwellings and appurtenant improvements to the land.

The exemption begins with the first year following the year in which the developer acquires possession or title to the property, and ends with the year in which the developer transfers possession or title to the property, including through lease or installment contract. No exemption may be claimed before the year after the bill takes effect. If a developer acquired qualified property before that year, the exemption is limited to the increase in assessed value dating back to the year the bill takes effect.

Example

For purposes of this example, the enactment of the exemption takes effect in 2012. Developer acquires land in 2011 for \$100,000. The same year, after acquiring the

property, Developer partially constructs a single-family home on the land, and the assessed value increases to \$200,000. In 2012, Developer completes construction of the home and the assessed value increases to \$300,000. The home is empty and owned by Developer for all of 2011, 2012, and 2013. In 2014, Developer rents the home to Tenant, and in 2015, sells the home to Buyer.

Under the bill, Developer cannot claim an exemption for tax year 2011 or 2012 because no exemption is authorized until the year after the bill takes effect. The first year Developer is eligible for an exemption is 2013. The exemption Developer may claim for that year is \$100,000 based on the increased assessed value of the property resulting from the 2012 improvements. The original assessed value of the land, \$100,000, is not exempt. Furthermore, the \$100,000 increase in assessed value resulting from the 2011 improvements is not exempt because that increase occurred before the year the bill took effect. The last year for the exemption is 2014, the year in which Developer rents the home to Tenant. For tax years 2015 and after, the property is not exempt.

HISTORY

ACTION	DATE
Introduced	01-05-12

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