Ohio Legislative Service Commission

Bill Analysis

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S.B. 236

129th General Assembly
(As Introduced)

Sens. Schaffer, Patton, Burke, Hughes, Widener

BILL SUMMARY

- Exempts homesteads of totally and permanently disabled veterans from real property taxation or the manufactured home tax.
- Reimburses taxing units for the taxes forgone by the exemption from the state General Revenue Fund.

CONTENT AND OPERATION

Homestead exemption

The homestead property tax exemption is available for "homesteads" owned and occupied by a person who is (1) permanently and totally disabled, (2) at least 65 years of age, or (3) the surviving spouse of a deceased person who was permanently and totally disabled or at least 65 years of age and who applied and qualified for the homestead property tax exemption in the person's year of death, provided that the spouse is at least 59 years of age but not 65 years of age or older on the day of the deceased spouse's death. The exemption also applies to manufactured and mobile homes regardless of whether they are taxed as real property or taxed under the manufactured home tax. The exemption equals the net amount of taxes due on $25,000 of the appraised market value of a homestead, and is computed on the basis of the local effective tax rate. (Manufactured and mobile homes are assessed at 40% of cost or market value and are depreciated.)[1]

Housing cooperative units that are occupied as homes by Ohio residents who satisfy the age or disability criteria described above also qualify as "homesteads" eligible

[1] R.C. 323.151 to 323.159 and 4503.064 to 4503.069.

for the exemption. A "housing cooperative" is a housing complex of at least two units owned and operated by a nonprofit corporation that issues a share of stock to an individual to live in a unit of the complex and collects a monthly maintenance fee from the individual to maintain, operate, and pay the taxes of the complex.[2]

Current law provides a 2.5% partial real property tax reduction, commonly called a "rollback," for any owner-occupied homestead or owner-occupied manufactured or mobile home.[3] Housing cooperative units occupied as homes also may qualify as "homesteads" eligible for the rollback. In Hamilton County, an additional "stadium credit" is allowed. It was implemented when the county's voters approved a sales and use tax increase for stadium construction.[4]

Disabled veteran homestead exemption

The bill totally exempts from taxation homesteads that are owned and occupied by veterans of the U.S. armed services, their reserve components, and the national guard, if the veteran is or was honorably discharged with a service-connected total and permanent disability. The exemption applies to homesteads, units in a housing cooperative, and manufactured or mobile homes taxed under the manufactured home tax. The exemption is in lieu of the existing homestead exemption, the 2.5% rollback, and, in Hamilton County, the "stadium credit."[5]

To receive the exemption, a disabled veteran must apply to the county auditor, and must provide written confirmation of disability by the U.S. Department of Veterans Affairs or other federal agency.[6]

If a disabled veteran dies while receiving the exemption, the exemption continues for the homestead if a surviving spouse acquires ownership of the homestead and resides there. No age restriction is placed on surviving spouses. The exemption continues through the year in which the surviving spouse dies, ceases to own or occupy the homestead, or remarries. (If the homestead is a unit in a housing cooperative, the

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[2] R.C. 323.151(A)(1)(b) and (D).

[3] R.C. 323.152(B).

[4] R.C. 323.158.

[5] R.C. 323.151(E), 323.152(A)(2), and 4503.065(B).

[6] R.C. 323.153(A)(1) and 4503.066(A)(1).

surviving spouse would not have to acquire ownership, but would have to occupy the unit.)[7]

As with the existing homestead exemption, local taxing units would be reimbursed by the state, from the General Revenue Fund, for the forgone taxes, and county auditors and treasurers would receive an amount equal to 2% of the exempted taxes to defray their administrative costs.[8]

The exemption would first be available for tax year 2011.[9]

HISTORY

ACTION	DATE
Introduced	10-13-11

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[7] R.C. 323.152(A)(2) and 4503.065(B).

[8] R.C. 323.156 and 4503.068.

[9] Section 3.