Ohio Legislative Service Commission

Bill Analysis

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H.B. 267

130th General Assembly
(As Introduced)

Reps. Barborak, Antonio, Ashford, Budish, Cera, R. Hagan, Hood, Letson, Lundy, Phillips, Pillich, Rogers

BILL SUMMARY

- Extends eligibility for the homestead exemption to elderly or disabled homeowners who did not receive the exemption for 2013 and have $30,000 or more in Ohio adjusted gross income.

CONTENT AND OPERATION

Homestead exemption income limit

The bill eliminates the income limitations associated with the homestead exemption. In effect, the exemption would be extended to elderly or disabled homeowners who did not receive the exemption for 2013 and have $30,000 or more in Ohio adjusted gross income. The change restores the law governing homestead exemptions as it existed before the effective date of H.B. 59 of the 130th General Assembly.

Exemption amount

The homestead exemption is a property tax credit equal to the taxes that would be charged on up to $25,000 of the true value of the property of qualified homeowners. ("True value" is the appraised fair market value.) The credit essentially exempts $25,000 of the value of a homestead from taxation. It also applies to manufactured and mobile homes regardless of whether they are taxed as real property or taxed under the manufactured homes tax (except that manufactured and mobile homes are assessed at 40% of cost or market value and are depreciated). The amount of the tax reduction for a homestead depends on the local tax rate: the higher the tax rate, the greater the tax reduction.[1]

Eligibility

The homestead exemption is available only to homeowners who meet one of the following criteria:

(1) The homeowner is 65 or older;

(2) The homeowner is permanently and totally disabled;

(3) The homeowner is 59 or older and the surviving spouse of an individual who previously received the exemption.[2]

H.B. 59 further restricted the availability of the exemption to owners who have an Ohio adjusted gross income of $30,000 or less, as computed for state income tax purposes. The income limit is increased each year that the gross domestic product deflator increases by the percentage increase in the deflator, rounded to the nearest multiple of $100. The Tax Commissioner and county auditors are authorized to examine an applicant's tax or financial records to determine eligibility.

The income limitation does not apply to homeowners who received the exemption for tax year 2013 (or tax year 2014 for homeowners who live in a manufactured home taxed as such under the manufactured home tax law) or who were eligible for the exemption for that year but did not timely file for the exemption.[3]

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[1] In computing the tax reduction for real property, the 10% and 2.5% rollbacks are accounted for by adjusting the reduction so that it reflects the amount of taxes actually charged against $25,000 in true value considering that the taxes charged are only 87.5% of the amount that would be charged if the rollbacks did not apply.

[2] The homestead exemption is authorized under the Ohio Constitution as an express exception to the Constitution's "uniform rule," which requires all real property to be taxed uniformly according to its value. The constitutional authorization empowers the General Assembly to pass laws "to reduce taxes by providing for a reduction in value of the homestead of permanently and totally disabled residents, residents sixty-five years of age and older, and residents sixty years of age or older who are surviving spouses of deceased residents who were sixty-five years of age or older or permanently and totally disabled and receiving a reduction in the value of their homestead at the time of death, provided the surviving spouse continues to reside in a qualifying homestead, and providing for income and other qualifications to obtain such reduction." Article XII, Section 2, Ohio Constitution.

[3] R.C. 323.151, 323.152(A), 323.153, 4503.064, 4503.065, and 4503.066 of H.B. 59 of the 130th General Assembly.

Removal of income limitations

The bill eliminates the income limitations added by H.B. 59.[4] The bill states that the change is effective for all property taxes charged and payable after January 1, 2013.[5] However, the application deadline for 2013 homestead exemptions has passed, so it is not clear whether or how a newly eligible homeowner could obtain an exemption for 2013. But a newly eligible homeowner who did not receive the exemption for 2014 due to the income limitations may file a late application for reduction before June 2, 2015, and receive a refund equal to the amount of the reduction in taxes to which the homeowner would have been entitled for 2014.[6]

HISTORY

ACTION	DATE
Introduced	09-17-13

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[4] R.C. 323.151, 323.152, 323.153, 4503.064, 4503.065, and 4503.066.

[5] Section 3.

[6] R.C. 323.153(B) and 4503.066(A)(3).