Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Sub. H.B. 177** DATE: **November 13, 1997**

STATUS: **As Reported by House Ways and Means** SPONSOR: **Rep. Jones**

LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal Cost**

CONTENTS: **To allow residential property owners to apply for the 2½% rollback at the time of property conveyance and increase notification to homeowners concerning the program**

State Fiscal Highlights

STATE FUND	FY 1998	FY 1999	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential Minimal Increase	Potential Minimal Increase	Potential Minimal Increase

- By allowing homeowners to apply for the 2½% rollback at the time of property conveyance, there may be an increase in the number of residences that receive the rollback resulting in a minimal increase in GRF expenditures for the local reimbursement of this program.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Counties			
Revenues	Potential Minimal Increase	Potential Minimal Increase	Potential Minimal Increase
Expenditures	Minimal Increase	Minimal Increase	Minimal increase

- By requiring county auditors to include with the tax bill notification to residential property owners of their rights to the 2½% rollback, counties would see a minimal increase in costs associated with printing the notifications.

- By allowing the county auditor or treasurer to impose a penalty when a homeowner receives the 2½% rollback erroneously, county revenues have the potential to increase by an amount equal to any overpayment of the credit.

Detailed Fiscal Analysis

This bill requires that county auditors notify residential property taxpayers of the existence of the 2½% rollback of real property taxes, the eligibility requirements of the program, the homeowners obligation to notify the auditor if they are improperly receiving the credit, and the penalties associated with improperly receiving the credit. In addition, homeowners would apply for the rollback as part of the filing of real property conveyance forms. Under current law, this program provides a tax credit equal to 2½% of the total property tax bill for owner occupied residential homesteads provided the homeowner has applied for the rollback. Local taxing authorities are fully reimbursed for the cost of this program from the GRF. Approximately 81% of all residential property currently receive the 2½% rollback at a cost of $91 million to the state. It is unknown what portion of the remaining property is eligible for the 2½% rollback and it is not possible to determine eligibility from the information on the tax list. It can be assumed that some homeowners who are entitled to the credit are not receiving it. In combination, these two provisions will likely lead to some increase in the number of households receiving the rollback. It is not possible to estimate what portion of the remaining properties will receive the credit, but is anticipated the impact to the GRF will be a minimal increase in expenditures.

This bill allows county auditors or treasurers to impose a penalty equal to the total amount of the 2½% rollback received by a homeowner if the owner was not entitled to the relief. LBO is unable to estimate the number of homeowners erroneously receiving this relief; therefore, it is not possible to estimate the potential increase in county revenue from imposition of the fine. However, in previous discussions with county auditors, they have indicated that it is very difficult to police this relief. Determining if a homeowner actually occupies a property may require the auditor to visit the property and this is not feasible without good cause. Any increase in revenue from the imposition of the penalty is likely to be minimal.

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