Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. Sub. H.B. 311 of the 130th G.A. **Date**: December 6, 2013

Status: As Passed by the Senate **Sponsor**: Reps. Boose and Retherford

Local Impact Statement Procedure Required: No

Contents: Corrects and modifies recent amendments to tax laws

State Fiscal Highlights

- **NOAA and PHS Commissioned Corps retirement pay deduction**. Starting a new tax deduction in tax year 2013, rather than 2014, for retirement pay for service in the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA) and the Commissioned Corps of the Public Health Service (PHS), will reduce GRF revenue in FY 2014 by an estimated $235,000.
- **Historic preservation tax credits**. The bill lets certain entities claim certified historic preservation tax credits that were unable to claim the credits when the corporate franchise tax was ended.

Local Fiscal Highlights

- **Local government funds**. The new deduction for NOAA and PHS Commissioned Corps retirement pay will reduce distributions to local governments and public libraries from the Local Government Fund (LGF, Fund 7069) and the Public Library Fund (PLF, Fund 7065), by a minimal amount.
- **Homestead exemption**. The bill clarifies that a person eligible for the homestead exemption without income limits continues to receive that exemption if the person's homestead changes.

Detailed Fiscal Analysis

The bill corrects and modifies recent amendments to tax laws.

NOAA and PHS Commissioned Corps retirement pay deduction

The bill amends Am. Sub. H.B. 59 of the 130th General Assembly to authorize an income tax deduction in tax year 2013 for retirement pay related to service in the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA) and the Commissioned Corps of the Public Health Service (PHS). H.B. 59 authorizes this deduction starting in tax year 2014. The change will result in a GRF revenue loss in FY 2014 only, estimated at $235,000.

The LGF and PLF each receive transfers of 1.66% of GRF tax revenues. These funds are distributed to counties, municipal corporations, and public libraries. Counties further distribute money received to other units of local government. The estimated tax revenue loss in FY 2014 would result in a reduction in transfers to each of the LGF and PLF of $3,901.

Historic preservation tax credits

The bill would let certain companies claim refundable historic preservation tax credits that were previously certified, but which the companies were unable to claim when the corporate franchise tax was eliminated. This provision would allow credits with an effective date on or before December 31, 2013, to be claimed for a limited period of time, prior to October 15, 2014. In testimony, Tax Commissioner Testa stated that a few companies were prevented from using these certified credits. The provision provides a means for these entities to receive credits to which they are entitled.

Homestead exemption clarification

The bill clarifies that a person eligible for the homestead exemption without income limits continues to receive that exemption if the person's homestead changes. Persons who received the homestead exemption for tax year 2013 on real property or for tax year 2014 on manufactured or mobile homes are eligible to continue to receive the exemption without income limits.

This clarification is done by amending R.C. 323.152 and 4503.065 as those sections of the Revised Code were amended by Sub. H.B. 72 of the 130th General Assembly. The bill specifies that the amendments to R.C. 323.152 and 4503.065 made by H.B. 72 are not intended to go into effect until January 30, 2014, the effective date of H.B. 72.

Emergency clause

The bill declares an emergency, hence would go into effect immediately upon passage and Governor's action.