



Ohio Legislative Service Commission

Final Analysis

Jennifer A. Parker

Am. Sub. H.B. 85 130th General Assembly (As Passed by the General Assembly)

- Reps.** Terhar and Gonzales, Pillich, Brenner, Boose, Sprague, Retherford, Becker, Derickson, Reece, Amstutz, Beck, Hayes, McClain, Hall, Antonio, Dovilla, J. Adams, R. Adams, Anielski, Ashford, Baker, Barborak, Barnes, Bishoff, Blair, Blessing, Boyce, Boyd, Brown, Buchy, Burkley, Butler, Carney, Celebrezze, Cera, Conditt, Curtin, Damschroder, DeVitis, Driehaus, Duffey, Fedor, Gerberry, Green, Grossman, Hackett, C. Hagan, R. Hagan, Henne, Hill, Hood, Hottinger, Huffman, Johnson, Kunze, Landis, Letson, Lundy, Lynch, Maag, Mallory, McGregor, Milkovich, O'Brien, Patmon, Patterson, Pelanda, Perales, Phillips, Ramos, Rogers, Romanchuk, Rosenberger, Ruhl, Scherer, Schuring, Sears, Sheehy, Slaby, Slesnick, Smith, Stebelton, Stinziano, Sykes, Thompson, Williams, Winburn, Young, Batchelder
- Sens.** Coley, LaRose, Balderson, Beagle, Brown, Burke, Eklund, Gardner, Gentile, Hite, Hughes, Jones, Lehner, Manning, Obhof, Oelslager, Peterson, Sawyer, Schaffer, Seitz, Skindell, Smith, Tavares, Turner, Uecker, Widener

Effective date: September 11, 2014

ACT SUMMARY

- Increases, from \$25,000 to \$50,000, the amount of the homestead exemption available to veterans who are permanently and totally disabled from a service-connected disability.
- Exempts these veterans from the existing \$30,000 income threshold for homestead eligibility.

CONTENT AND OPERATION

Increased homestead exemption for disabled veterans

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 a home owned by a qualified elderly or disabled homeowner. ("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.

The act increases, from \$25,000 to \$50,000, the amount of the homestead exemption that is available to qualified homeowners who are disabled veterans. The act also exempts disabled veterans from the exemption's income limit.¹

Eligibility

To receive the increased exemption under the act, a homeowner must be a veteran of the United States armed forces, including the reserves, or of the National Guard, who has received a permanent total disability rating or a total disability rating for a service-connected disability or a combination of service-connected disabilities for which the schedule for rating disabilities under federal regulations prescribes a 100% evaluation. When applying for the exemption, the veteran must provide written confirmation of the disability from the U.S. Department of Veterans Affairs.

Under ongoing law, the homestead exemption is available to homeowners who are 65 years of age or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption. In addition, as a result of changes made in Am. Sub. H.B. 59 of the 130th General Assembly, homeowners who would first receive the exemption for tax year 2014 (or tax year 2015 for homeowners who pay the manufactured home tax) must have an Ohio adjusted gross income of \$30,000 or less, as computed for state income tax purposes. (In later years, this income limit will be increased to adjust for inflation.)²

The act exempts disabled veterans from H.B. 59's income limit. Consequently, a disabled veteran who first qualifies for the exemption for the 2014 tax year (or 2015 tax year for disabled veterans who pay the manufactured home tax), or thereafter, may receive the exemption even if the veteran's income exceeds \$30,000.³

Exemption for surviving spouses

Under the act, if a disabled veteran dies while receiving the increased 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 of

¹ R.C. 323.152 and 4503.065.

² R.C. 323.151, 323.152, 323.153, 4503.064, 4503.065, and 4503.066.

³ R.C. 323.152(A)(2) and 4503.065(B).



disabled veterans. The exemption continues through the year in which the surviving spouse dies or remarries. (If the homestead is a unit in a housing cooperative, the surviving spouse would not have to acquire ownership, but would have to occupy the unit.)⁴

Effective date

The increased exemption would first be available for tax year 2014.⁵

HISTORY

ACTION	DATE
Introduced	02-26-13
Reported, H. Finance & Appropriations	03-12-14
Passed House (97-0)	03-19-14
Reported, S. Finance	05-20-14
Passed Senate (31-0)	05-28-14
House concurred in Senate amendments (95-0)	06-03-14

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⁴ R.C. 323.152 and 4503.065.

⁵ Section 3.

