Ohio Legislative Service Commission

Bill Analysis

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H.B. 85

130th General Assembly
(As Introduced)

Reps. Terhar and Gonzales, Pillich, Brenner, Boose, Sprague, Retherford, Becker, Derickson, Reece

BILL SUMMARY

- Increases, from $25,000 to $50,000, the amount of the homestead exemption available to veterans who are permanently and totally disabled.

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 bill increases, from $25,000 to $50,000, the amount of the homestead exemption that is available to qualified homeowners who are disabled veterans.[1]

Eligibility

To receive the increased exemption under the bill, a homeowner must be a veteran of the United States armed forces, reserves, or National Guard who was honorably discharged with a service-connected total and permanent disability certified

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[1] R.C. 323.152 and 4503.065.

by the United States Department of Veterans Affairs or other federal agency. When applying for the exemption, the veteran must provide written confirmation of the disability from the federal government.

Under current 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 bill, as currently drafted, does not incorporate the changes made in H.B. 59. Consequently, it is unclear how the bill's increased exemption for disabled veterans will interact with H.B. 59's income limit.

Exemption for surviving spouses

Under the bill, 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. Unlike the current law exemption, no age restriction is placed on surviving spouses of disabled veterans. 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 surviving spouse would not have to acquire ownership, but would have to occupy the unit.)[3]

Effective date

The increased exemption would first be available for tax year 2013.[4]

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[2] R.C. 323.151, 323.152, 323.153, 4503.065, and 4503.066. The income limit will be 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 exemption, as it existed before H.B. 59, is preserved without regard to income for all elderly or disabled homeowners who received the exemption for tax year 2013 (or tax year 2014 in the case of the manufactured home tax).

[3] R.C. 323.152 and 4503.065.

[4] Section 3.

HISTORY

ACTION	DATE
Introduced	02-26-13

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