OHIO LEGISLATIVE SERVICE COMMISSION

www.lsc.ohio.gov

Office of Research and Drafting

Legislative Budget Office

H.B. 17

133rd General Assembly

Bill Analysis

Click here for H.B. 17's Fiscal Note

Version: As Reported by House Ways and Means

Primary Sponsor: Rep. Ginter

Sam Benham, Attorney

SUMMARY

- Grants a homestead exemption for the widow or widower of a peace officer, firefighter, or other emergency responder who dies in the line of duty or by an injury or illness sustained in the line of duty.
- Exempts $50,000 of the home's appraised value or cost from property taxation or the manufactured home tax.
- Exempts such a widow or widower from the income means test, currently $32,800 in modified adjusted gross income.
- Reimburses local taxing units for the resulting reduction in taxes in the same manner as the existing homestead exemption.

DETAILED ANALYSIS

Homestead exemption: emergency responder's surviving spouse

Continuing law provides a property tax credit for the residence, or "homestead," of certain qualifying individuals. This "homestead exemption" equals 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 home tax (except that manufactured and mobile homes are assessed at 40% of cost or market value and are depreciated). A special "enhanced" exemption of $50,000 is available for homes of military veterans who are totally disabled. The amount of the tax savings for a qualifying homestead depends on the local tax rate: the higher the tax rate, the greater the tax reduction. According to the Department of Taxation, the average annual tax savings is about $495 for homeowners who are not disabled veterans.

The $25,000 homestead exemption is available only 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. 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 modified adjusted gross income of $32,800 or less, as computed for state income tax purposes.[1] (This income limit is increased each year to adjust for inflation.) Homeowners who received the exemption before 2014 are not subject to the income limit, and no income limit applies to the $50,000 exemption for disabled veterans.

The bill extends the homestead exemption to the surviving spouse of a "public service officer" who has either been killed in the line of duty or died from a fatal injury or illness sustained in the line of duty, including a heart attack. Similar to the homestead exemption for disabled veterans, the credit is equal to the tax on $50,000 of the true value of a homestead owned and occupied by that surviving spouse, and no income limit applies. For the purpose of the exemption, a public service officer is a paramedic, emergency medical technician (including EMT-basic, EMT-I, and "first responder" classes), a paid or volunteer firefighter, or a police officer, sheriff, deputy sheriff, or other class of peace officer as defined for the purposes of the law governing the authority to arrest or issue citations.[2] The exemption would continue until the surviving spouse dies or remarries, and, like the existing homestead exemption, it is portable among homes so long as it applies to only one home at a time. If a surviving spouse also qualifies for the exemption as an elderly or disabled individual or a disabled veteran, the spouse must decide which exemption to apply; they are not cumulative.[3]

Application requirements

Before qualifying for the bill's exemption, a surviving spouse must apply to the county auditor and verify that the public service officer was killed in the line of duty by providing a letter confirming this from either a state pension fund or the department or agency that the public service officer served when the officer was killed in the line of duty.[4]

Reimbursement of local taxing units

As with the existing homestead exemption, local taxing units would be reimbursed by the state for the reduction in property tax revenue that results from the bill's extended

---

[1] Taxpayers may deduct annually up to $250,000 in business income ($125,000 for married taxpayers filing separately) in determining their Ohio adjusted gross income (OAGI). However, in calculating whether an individual qualifies for the homestead exemption under this income means test, the individual is required to add any deducted business income to the individual's OAGI to arrive at the individual's "modified adjusted gross income."

[2] R.C. Chapter 2935.

[3] R.C. 323.151, 323.152, 4503.064, and 4503.065.

[4] R.C. 323.153 and 4503.066.

exemption. The reimbursement would be paid from the state General Revenue Fund semiannually.[5]

Effective date

The new homestead exemption authorized by the bill begins to apply in tax year 2020 or, in the case of homes that are subject to the manufactured home tax, in tax year 2021. The difference in application is accounted for by the fact that the manufactured home tax is payable on a current-year basis, whereas the property tax is payable in arrears.[6]

HISTORY

Action	Date
Introduced	02-12-19
Reported, H. Ways & Means	11-13-19

H0017-RH-133/ks

[5] R.C. 323.156, not in the bill.

[6] Section 3 of the bill.