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S.B. 268
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Hoagland

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SUMMARY

- Replaces the partial homestead exemption for disabled veterans with an enhanced homestead exemption for all honorably discharged veterans equal to all taxes and special assessments imposed on the homestead.
- Reimburses local taxing unit for the resulting reduction in taxes in the same manner as other homestead exemptions.

DETAILED ANALYSIS

Homestead exemption: veterans and surviving spouses

Continuing law provides a property tax credit for the residence, or “homestead,” of certain qualifying individuals. The standard “homestead exemption” equals the taxes that would be charged on up to \$25,000 of the true value of a home owned by a homeowner who is 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. (“True value” is the appraised fair market value.) The credit essentially exempts \$25,000 of the value of a homestead from taxation. 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. This standard exemption is means-tested, so only homeowners with household income below a certain threshold (\$34,200 for tax year 2021) may qualify for the exemption.

Under current law, a special “enhanced” exemption of \$50,000 is available for homes of military veterans with a total disability and surviving spouses of emergency responders who died in the line of duty. The bill expands the enhanced exemption for disabled veterans, first by extending it to all honorably discharged veterans, including those who have been transferred to the reserve with evidence of satisfactory service, and second by increasing the exemption to equal the full value of the veteran’s homestead. Unlike the current homestead exemptions, the full reduction for veterans under the bill also applies to special assessments. In essence, the

enhanced exemption completely exempts an honorably discharged veteran's home from taxes and special assessments.

As under the current homestead exemption for disabled veterans, the bill's enhanced exemption for all veterans extends to the surviving spouse of a veteran, until the spouse dies or remarries. Also like the disabled veteran exemption, the bill's enhanced exemption does not require the veteran to make below a certain income.

Similar to other homestead exemptions, the bill's enhanced veteran exemption applies to manufactured and mobile homes regardless of whether they are taxed as real property or subject to the manufactured home tax.¹

Application requirements

As with all current homestead exemptions, a veteran must apply to the county auditor to qualify for the exemption. The veteran must include with this initial application a copy of their discharge record showing they have been honorably discharged. After this initial application, no further application is needed to maintain the exemption, but the auditor must be notified if the homestead no longer qualifies for the bill's enhanced veteran exemption.² (This notification is required under continuing law to report ineligibility for all current homestead exemptions.)

Reimbursement of local taxing units

As with all current homestead exemptions, local taxing units are reimbursed by the state for the reduction in property tax revenue that results from the bill's enhanced veterans homestead exemption. The reimbursement is paid from the GRF semiannually or annually.³

Application date

The enhanced homestead exemption for veterans begins to apply for tax year 2021 or, in the case of homes that are subject to the manufactured home tax, tax year 2022. The difference in application is accounted for by the fact that manufactured home tax is payable on a current-year basis, whereas property tax is payable in arrears.⁴

¹ R.C. 323.151, 323.152, 4503.064, and 4503.065.

² R.C. 323.153 and 4503.066.

³ R.C. 323.156 and 4503.068, not in the bill.

⁴ Section 3.

HISTORY

Action	Date
Introduced	11-17-21
