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H.B. 274
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Mathews and Dell'Aquila

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SUMMARY

- Establishes an enhanced homestead exemption for certain long-term homeowners who qualify for the general homestead exemption.
- Reimburses local taxing authorities from the GRF for forgone revenue resulting from the new enhanced exemption.

DETAILED ANALYSIS

Homestead exemptions

The bill expands a property tax credit available on the homestead of certain qualifying individuals. Under current law, this "homestead exemption" equals the taxes that would be charged on up to $25,000 of the fair market value of a home owned by a person 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 (referred to in this analysis as the "general homestead exemption"). The credit essentially exempts $25,000 of the value of a homestead from taxation.

Also under current law, special "enhanced" exemptions of $50,000 are available for the homesteads of military veterans who are totally disabled and their surviving spouses (referred to in this analysis as the "disabled veteran exemption") and for surviving spouses of peace officers, firefighters, or other emergency responders who die in the line of duty or by an injury or illness sustained in the line of duty (referred to in this analysis as the "public service officer exemption").

All three current homestead exemptions also apply to manufactured and mobile homes, regardless of whether they are taxed as real property or taxed under the manufactured home tax. They also apply to housing cooperatives, though the requirement for the individual to own the home does not apply in that context. Under recently enacted law, the $25,000 and $50,000 exemption amounts are indexed to increase with inflation, beginning in tax year 2023.

Homeowners who first receive the general homestead exemption for tax year 2014 or later (or tax year 2015 for homeowners who pay the manufactured home tax) must have an Ohio modified adjusted gross income of $36,100 or less, as computed for state income tax purposes (including all business income and excluding Social Security and disability benefits). Under continuing law, this income limit is increased each year to adjust for inflation. Homeowners who received the general homestead exemption before 2014 are not subject to the income limit, and no income limit applies to the disabled veteran exemption or public service officer exemption.

Long-term owner homestead exemption

The bill establishes a third enhanced homestead exemption of $50,000 for long-term homeowners. To qualify, a person must satisfy the criteria for the general homestead exemption, including meeting the income limit, and also have continuously owned and occupied the homestead or manufactured home for 20 or more consecutive years. This enhanced exemption also extends to the homeowner's surviving spouse until the spouse remarries, provided the spouse meets the income limit for the general homestead exemption.[1] 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 homestead exemption. The reimbursement is paid from the GRF semiannually or annually.[2] Unlike the existing homestead exemptions, the $50,000 exemption amount is not indexed to increase with inflation.

The new enhanced homestead exemption applies beginning in tax year 2023 for real property and tax year 2024 for manufactured or mobile homes. (The difference accounts for the fact that property taxes are paid one year in arrears, while manufactured and mobile home taxes are paid in the current year.)[3]

HISTORY

Action	Date
Introduced	09-18-23

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[1] R.C. 323.152(A)(4), 323.153, 4503.065(F), and 4503.066.

[2] R.C. 323.156 and 4503.068, not in the bill.

[3] Section 3.