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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 257
135th General Assembly

Final Fiscal Note & Local Impact Statement

[Click here for S.B. 257's Bill Analysis](#)

Primary Sponsors: Sens. Chavez and Johnson

Local Impact Statement Procedure Required: No

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Highlights

- The bill expands eligibility for an existing state income tax deduction regarding homeownership savings accounts. The state and local fiscal effect is likely minimal.

Detailed Analysis

Homeownership Savings Linked Deposit Program

The bill expands eligible participants in the existing Homeownership Savings Linked Deposit Program by allowing a member of the uniformed services, on active duty assignment, who is a resident of this state via a residency or domicile election to participate in the program.

Under the current program, eligible participants receive above-market interest rates on savings accounts with financial institutions participating in the program for the purpose of down payment and closing costs associated with the future purchase of a primary residence. In addition, under existing law, an individual who contributes to a homeownership savings account is authorized to claim a personal income tax (PIT) deduction for contributions to such account. The deduction is limited to \$10,000 per year, per account for joint filers and \$5,000 per year, per account for all other filers, with a lifetime maximum per contributor, per account of \$25,000. If an account holder withdraws money from a homeownership savings account, but does not use the money to pay the closing costs on a home that will be the account holder's primary residence, that individual is required to pay income tax on the amount withdrawn.

Fiscal effect

The bill would increase potential revenue loss associated with the current PIT deduction associated with contributions to a homeownership savings linked deposit account. Any increase in PIT revenue is indeterminate, but likely minimal. Under current law, the existing deduction is estimated to reduce PIT revenues by less than \$5 million in FY 2025.

Ohio National Guard Scholarship Program – repayment interest

Under current law, a recipient of an Ohio National Guard Scholarship Program (ONGSP) scholarship who fails to complete the term of enlistment at the time a scholarship was paid is liable to the state for repayment of a percentage of all scholarships paid on behalf of the recipient, plus 10% interest each year from the dates the scholarships were paid. The bill exempts ONGSP recipients who fail to complete their term of enlistment in the Ohio National Guard due to the recipient being in active or reserve duty in the United States armed forces from the interest rate payment requirement. It is unclear how many ONGSP recipients fail to complete their enlistment due to becoming active or reserve duty. The state may forgo some revenue since qualifying recipients under the bill would no longer have to repay the interest accrued during the period they received ONGSP scholarships. ONGSP is supported by GRF line item 235599, National Guard Scholarship Program, under the budget of ODHE. In FY 2024, approximately 3,500 ONGSP recipients were awarded a total of \$15.0 million in scholarships.