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H.B. 61

136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. D. Thomas and Daniels

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SUMMARY

- Restores the 10% nonbusiness property rollback to all voted levies, not just those approved before November 2013.
- Replaces the 2.5% owner-occupancy rollback with a flat $750 credit, indexed to inflation.
- Replaces the standard homestead exemption with a flat credit equal to the lesser of $750, indexed to inflation, or the total taxes levied on the property by school districts.
- Replaces the enhanced homestead exemptions with a flat $1,500 credit, indexed to inflation.
- Reduces GRF reimbursements to local governments for revenue forgone from the owner-occupancy credit and homestead exemptions to 50%.

DETAILED ANALYSIS

Property tax rollbacks

Continuing law authorizes several property tax credits, which are direct reductions of tax liability, i.e., the amount of tax owed on the property. Most homeowners benefit from two credits that the bill modifies. The first credit, known as the 10% nonbusiness property tax rollback, reduces taxes owed on certain property tax levies by 10%. This credit applies generally to one-, two-, or three-family dwellings and nontimber agricultural land. The second credit, known as the 2.5% homestead rollback, reduces by an additional 2.5% such tax on owner-occupied dwellings that serve as a taxpayer's primary residence and up to one acre of land ("homestead"). Currently, new and replacement levies approved by voters at elections held on or after November 2013 are not eligible for either rollback.

The bill restores application of the 10% nonbusiness property rollback to all voted levies, not just those approved before November 2013.[1] The bill also replaces the 2.5% owner-occupancy rollback with a flat $750 credit. That flat credit amount is indexed to increase with inflation each year, according to the increase in the Gross Domestic Product (GDP) deflator, rounded to the nearest $10.[2]

Homestead exemptions

Continuing law provides a property tax credit for the homestead of certain qualifying individuals. The standard "homestead exemption" currently equals the taxes that would be charged on up to $28,000, adjusted for inflation (also measured by the GDP deflator), 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 homestead's appraised fair market value.) This standard exemption is means-tested, so only homeowners with household income below a certain threshold, also indexed to inflation ($40,000 for tax year 2025) may qualify for the exemption. A special "enhanced" exemption of $56,000, also adjusted for inflation, is available for the home of (1) an honorably discharged veteran of the armed forces with a total disability or the veteran's surviving spouse and (2) a surviving spouse of an emergency responder who died in the line of duty.

The bill replaces the standard homestead exemption with a flat property tax credit equaling the lesser of $750 or the total amount of taxes levied on the property by school districts, including city, local, exempted village, cooperative education, and joint vocational school districts as well as county school financing districts and career-technical cooperative education districts. The same restrictions, such as on age and income, apply on who may qualify for the credit. The bill also replaces the enhanced homestead exemptions for disabled veterans and surviving spouses of emergency responders with a flat property tax credit of $1,500. Both credits are indexed to inflation increase with the GDP deflator, rounded to nearest $10.[3]

Reimbursement of local taxing units

The state currently reimburses local taxing authorities from the GRF for the full amount of forgone revenue resulting from all of the property tax credits discussed above. The bill reduces the amount of reimbursements to local governments and school districts for the owner-occupancy credit and homestead exemptions to 50% of forgone tax revenue.[4] Reimbursements for the bill's expanded 10% nonbusiness property rollback remain at 100% of forgone revenue.[5]

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[1] R.C. 319.302.

[2] R.C. 323.152(B).

[3] R.C. 323.152(A) and 4503.065.

[4] R.C. 323.156 and 4503.068.

[5] R.C. 321.24(F), not in the bill.

Application date

The bill's modifications begin to apply for tax years ending after the bill's 90-day effective date or, in the case of homes that are subject to the manufactured home tax, tax years commencing after that date. 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.[6]

HISTORY

Action	Date
Introduced	02-05-25

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[6] Section 3.