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H.B. 103
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Troy and T. Hall

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SUMMARY

- Increases the homestead exemption for elderly or disabled homeowners and certain of their surviving spouses from \$28,000 to \$50,000 of the home's appraised value or cost.
- Expands eligibility for that homestead exemption by rising the income threshold one may have to qualify for the exemption, currently \$40,000 in modified Ohio adjusted gross income, to \$45,000.

DETAILED ANALYSIS

Homestead exemption

The bill increases the amount of the homestead exemption for elderly homeowners or homeowners with a permanent and total disability and certain of their qualifying surviving spouses. The bill also expands eligibility for the homestead exemption by raising the income eligibility requirement above which a taxpayer may not claim the exemption. The increased exemption amount and income limitation are indexed to inflation like all other homestead exemption amounts and thresholds under continuing law.

Homestead exemption: overview

Continuing law provides a property tax credit for the residence, or "homestead," of certain qualifying individuals. To qualify, an individual must be 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. Under current law, this "homestead exemption" equals the taxes that would be charged on up to \$28,000 of the true value of a home owned by a qualified elderly or disabled homeowner. ("True value" is the appraised fair market value.) In other words, the homestead exemption essentially exempts \$28,000 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. Under continuing law, special "enhanced" exemptions of \$56,000 of a homestead's value are available

for homes of military veterans who are totally disabled and for the homes of surviving spouses of public service officers killed in the line of duty. The amount of value exempted from taxation increases each year according to the extent of the increase of the GDP deflator – a broad measure of economic inflation.

Exemption amount

The bill increases the standard homestead exemption amount, currently \$28,000, to up to \$50,000 of the true value of a home owned by a qualified elderly or disabled homeowner. Under continuing law, the credit applies to manufactured and mobile homes as well, 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 over time). This new threshold will continue to increase with inflation.¹

Income threshold

Under continuing law, homeowners who first receive the elderly or disabled homestead exemption for tax year 2014 or later (or tax year 2015 for homeowners who pay the manufactured home tax) must have a modified Ohio adjusted gross income of below a certain income threshold, as computed for state income tax purposes (including all business income and excluding Social Security and disability benefits). The threshold was originally \$30,000, but, like the exemption amount, the income threshold is indexed to inflation and increases annually – the 2024 threshold is \$40,000. Homeowners who received the homestead exemption before 2014 are not subject to this income limit, and no income limit applies to the enhanced exemptions. The bill raises the income eligibility requirement to \$45,000 or less.²

Application date

The bill's homestead exemption modifications apply beginning in tax year 2025 for real property and tax year 2026 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	02-18-25

ANHB0103IN-136/ts

¹ R.C. 323.152(A)(1)(c) and 4503.065(A)(2)(b).

² R.C. 323.152(A)(1)(b) and 4503.065(A)(2)(a).

³ Section 3.