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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 378
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by Senate Ways and Means

Primary Sponsors: Reps. Lorenz and Santucci

Local Impact Statement Procedure Required: No

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Highlights

Fund	FY 2025	FY 2026	Future Years
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State General Revenue Fund

Expenditures	Increase of \$2 million	Increase of \$4 million	Increase of \$4 million per year
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Note: The fiscal year for the state, school districts, and certain other local governments runs from July 1 through June 30 and is designated by the calendar year in which it ends. For other local governments, the fiscal year is identical to the calendar year.

- The bill's exemption from property tax on a primary residence of a surviving spouse of a military veteran killed in the line of duty could increase the cost of homestead exemptions by an estimated roughly \$4 million per year.
- Revenue losses of school districts and local governments would be fully reimbursed from the state GRF.

Detailed Analysis

The bill would provide an exemption from all property taxes for a surviving spouse of a member of the United States uniformed services, including reserves and national guard, who was killed in the line of duty while serving. "Killed in the line of duty" is defined in the bill to mean either that death occurred in the line of duty, or that death resulted from injury sustained in the line of duty, including heart attack or other fatal injury or illness caused while in the line of duty. The exemption would apply for the tax year in which the qualifying service member died through the tax year when the surviving spouse remarries or cohabitates with another unrelated person.

The United States Department of Defense publishes data on active duty military deaths by year, war, and manner of death. The data are at the national level and include no information on surviving spouses. In the past 43 years, from 1980 through 2022, about 61,000 active duty military deaths were reported. Of these, perhaps somewhat more than 2,000 may have been Ohioans, based on the state's 3.5% share of the population. Additional numbers of active duty military deaths occurred in the Vietnam (58,220) and Korea (36,574) conflicts. World War II is not included here because few spouses of those who died in that war now survive.

The 61,000 active duty military deaths for the United States during the period 1980-2022 included 9% that were attributed to hostile action. This share varies greatly from year to year depending on whether the military is actively engaged in overseas operations. The largest number of military deaths for the entire 43-year period were due to accidents, 48%. Illness caused 18%, another 18% were self-inflicted, 4% resulted from homicide, and 1% from terrorist attack.¹

Of active duty military deaths among Ohioans in the past 43 years, perhaps half of the deceased persons were married. This is no more than an educated guess, in the absence of a source for this information, based on the fact that many of those who died were young.² Many of the surviving spouses, possibly 80%, may now be homeowners. Combining these two estimates, surviving spouses who are also homeowners may be some 40% of the estimated active duty military deaths of Ohioans. In addition, Ohio homeowners who were married to military members who died on active duty in Vietnam and continue to survive may amount to a few hundred, and fewer still for the Korean conflict.

Based on these considerations, Ohio has perhaps very roughly 1,200 surviving spouse homeowners whose military veteran spouses were killed in the line of duty. If they pay average amounts of taxes, about \$3,300 per year, the total property taxes they pay would be around \$4 million per year. The average annual tax amount is from an American Community Survey query of 2022 data.

Information from the Ohio Adjutant General's Office lends some support to the plausibility of an estimate around this order of magnitude. That agency indicated to LSC that it is currently tracking about 301 surviving spouses living in Ohio. These are spouses of Army and Air Force National Guard who died in the line of duty, not including casualties in the regular Army, Air Force, or other service branches.

The bill's benefit for surviving spouses is written as amendments of the Revised Code sections that provide for the homestead exemption. Revenue losses to school districts and local governments as a result of homestead exemptions are fully reimbursed from the state GRF. Consequently, the revenue losses from the bill would also be fully reimbursed.

When surviving spouses could claim benefits under the bill is tied to the bill's effective date. The bill's provisions could apply as soon as TY 2024 for real property and TY 2025 for

¹ Source: [U.S. Active Duty Military Deaths by Year and Manner, 1980 - 2022](https://dcas.dmdc.osd.mil/dcas/app/home) which is accessible from dcas.dmdc.osd.mil/dcas/app/home.

² An indication of the ages of active duty Ohioans who died in service is found in this compilation of pictures: ohiofallenheroes.org/fallen-heroes/.

manufactured or mobile homes, both payable in 2025. GRF reimbursements lag property tax payments, and the reimbursements for second half TY 2024 real property tax payments are here assumed to occur in early FY 2026. Predictions shown in the “**Highlights**” section above are based on this assumed timing.

Property tax exemption and abatement for Trotwood

The bill permits a municipality or community improvement corporation (CIC) to apply to the Tax Commissioner, within 12 months of the bill’s 90-day effective date, for a property tax exemption and abatement of delinquent taxes on certain property owned by the municipality or CIC without regard to the regular time and payment limitations imposed by current law.³ These limitations include a restriction that abatements may not generally be sought for more than three years of delinquent taxes and that abatements are unavailable for delinquent taxes accrued by previous owners. This provision of the bill restricts eligible properties to those for which the deed was recorded between specified dates. The restrictions appear to be narrowly drawn, which may limit the fiscal effects to properties owned by a single municipality or CIC.

Testimony indicates that the sole property eligible for this tax exemption is government-owned real property which is the site of a city service center in Trotwood, Ohio. Due to an administrative oversight, paperwork for its tax exemption was not timely filed. The provision of the bill would allow application for tax exemption to be made to the Tax Commissioner. Tax is currently owed on the property. Exemption from tax would be discretionary for Trotwood, a CIC, or both, but perhaps not for all other affected local taxing authorities.

³ A CIC is either an economic development corporation or a county land reutilization corporation (R.C. 1724.01).