OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 378
135th General Assembly

Bill Analysis

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Version: As Passed by the House

Primary Sponsors: Reps. Lorenz and Santucci

Zachary P. Bowerman, Attorney

SUMMARY

- Creates an enhanced homestead exemption for the surviving spouses of uniformed service members killed in the line of duty equal to all taxes imposed on the homestead.
- Continues the exemption until the surviving spouse dies, remarries, or cohabitates with another unrelated person.
- Reimburses local taxing units for the resulting reduction in taxes in the same manner as other homestead exemptions.
- Provides a temporary period for a municipality or community improvement corporation to apply for an exemption from property taxation and abatement of unpaid taxes, penalties, and interest on certain property.

DETAILED ANALYSIS

Homestead exemption: gold star spouses

Continuing law provides a property tax credit for the residence, or "homestead," of certain qualifying individuals. The standard "homestead exemption" equals the taxes that would be charged on up to $26,200, adjusted for inflation, 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 appraised fair market value.) This standard exemption is means-tested, so only homeowners with household income below a certain threshold ($38,600 for tax year 2024) may qualify for the exemption. A special "enhanced" exemption of $52,300, 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 creates an additional enhanced exemption for the surviving spouse of a uniformed service member killed in the line of duty equal to all of the current year's taxes assessed against the spouse's homestead. In essence, the enhanced exemption completely exempts such a surviving spouse's home from taxation. The exemption continues until the spouse dies, remarries, or cohabitates with another person that does not share a common ancestor with the surviving spouse ("consanguinity"). This is unlike the enhanced exemptions for the surviving spouse of a disabled veteran or an emergency responder, which only terminate when the spouse either dies or remarries. The bill's exemption extends to members of the uniformed services, which includes the branches of the armed forces along with the National Oceanic and Atmospheric Administration and the Public Health Service. Like the other enhanced exemptions, the bill's exemption does not require the surviving spouse to earn below a certain income to qualify. The exemption does not apply to the surviving spouse of a dishonorably discharged uniformed service member.

Similar to all other homestead exemptions, the bill's enhanced exemption applies to manufactured and mobile homes regardless of whether they are taxed as real property or subject to the manufactured home tax. Also similar to other homestead exemptions, the enhanced exemption does not exempt the homestead from special assessments.[1]

Application requirements

As with all current homestead exemptions, a surviving spouse must apply to the county auditor to qualify for the exemption. The applicant must include with this initial application a copy of the service member's U.S. Department of Defense form DD-1300 Report of Casualty or other federal documentation showing the service member was killed in the line of duty. After this initial application, no further application is needed to maintain the exemption, but the auditor must be notified if the homestead no longer qualifies for the bill's exemption.[2] (This notification is required under continuing law to report ineligibility for all current homestead exemptions.)

Reimbursement of local taxing units

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.[3]

Application date

The enhanced homestead exemption for surviving spouses begins to apply for tax years ending after the bill's 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

[1] R.C. 323.151, 323.152, 4503.064, and 4503.065.

[2] R.C. 323.153 and 4503.066.

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

accounted for by the fact that manufactured home tax is payable on a current-year basis, whereas property tax is payable in arrears.[4]

Tax abatement

The bill establishes a temporary procedure by which a municipal corporation or community improvement corporation (CIC) that acquired property during certain periods may apply for a tax exemption for the property and abatement of any unpaid taxes, penalties, and interest attributable to the property from before the municipality or CIC acquired it.

There are two types of properties covered by the bill. First are those acquired by the municipality or CIC between certain dates in February 2000, January 2006, January 2008, and April 2013. Second are parcels that were created by subdividing, between certain dates in August 2004 and January 2008, an existing parcel that was previously acquired by a municipality between certain dates in December 1999, March 2002, and January 2008.

The application for exemption and abatement must be filed with the Tax Commissioner within 12 months after the bill's 90-day effective date.

Continuing law generally only allows a tax exemption if the property in question is exempt from taxation on the tax lien date, which is January 1 each year, and all taxes, penalties, and interest have been paid in full before the property was acquired by the exempt user.[5]

HISTORY

Action	Date
Introduced	01-16-24
Reported, H. Ways & Means	06-10-24
Passed House (90-1)	06-12-24

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[4] Section 3.

[5] Section 4; R.C. 5713.08, not in the bill.