



Ohio Legislative Service Commission

Bill Analysis

Mackenzie Damon

Am. Sub. H.B. 166 131st General Assembly (As Passed by the House)

Reps. Green, Brenner, Blessing, Hambley, Becker, Amstutz, Anielski, Boose, Conditt, Cupp, Grossman, Hackett, T. Johnson, McClain, Reineke, Retherford, Rogers, Ruhl, Ryan, Sprague, Thompson, Young

BILL SUMMARY

- Extends the filing deadline for the homestead exemption and 2.5% property tax reduction until the end of the tax year to which the exemption or reduction applies.
- Eliminates the requirement that intracounty Local Government Fund allocations be reported by certified mail.
- Eliminates the requirement that county auditors certify interest rates to local courts and that the courts post the notice.
- Eliminates the requirement that notices be provided to local taxing authorities regarding pending applications for tax exemption of pollution control or energy conversion or conservation property used in industrial or commercial operations.
- Removes the requirement that statements submitted by persons contracting with local governments certifying whether they owe delinquent tangible personal property taxes in the county be incorporated into a contract if no delinquent tax is owed.
- Requires a party appealing the decision of the Board of Tax Appeals on a complaint originally filed with a county board of revision to submit a copy of the appellate notice to the board of revision and the county auditor.
- Eliminates statutory requirements requiring persons to obtain permits for traveling exhibitions and licenses and bonds to conduct public auctions of new merchandise.

CONTENT AND OPERATION

Homestead exemption and 2.5% reduction filing deadline

The bill extends the filing deadline for the homestead exemption and the 2.5% residential property tax reduction from the first Monday in June to December 31 of the year the exemption or reduction applies to.¹

The 2.5% property tax reduction is allowed for residences occupied by the owner. The homeowner must apply for the reduction once, and it continues until the property no longer qualifies.² The homestead exemption is a reduction in taxes on residences owned and occupied by permanently and totally disabled persons or persons aged 65 or older (60 years for a spouse who survives a previously qualified recipient).³ It must be applied for once, and the exemption continues until the homeowner no longer qualifies. An income limit is placed on homeowners who first qualify for and receive the homestead exemption for any tax year after 2013. The income limit is \$31,000 for 2015 of the homeowner and spouse (if any) and is indexed annually. The income measure is adjusted gross income for state income tax purposes, which does not include Social Security or Railroad Retirement old age benefits, military retired pay, or disability benefits. The homestead exemption reduces taxes by the amount that is charged at the local tax rate on \$25,000 in appraised market value; if a homeowner received the exemption for 2006 and that year's reduction was greater, the 2006 reduction applies. Local taxing units are reimbursed from the state General Revenue Fund for revenue reductions caused by the 2.5% reduction and homestead exemption.

Local Government Fund notification

The bill eliminates the requirement that county auditors use certified mail to notify local governments of their share of Local Government Fund (LGF) allocations. Instead, auditors would have to use ordinary mail or electronic mail.⁴

Continuing law requires county auditors to notify each local government of the amount of LGF money that the county budget commission has allocated to it. LGF money is distributed to each county treasury according to a formula that reflects past

¹ R.C. 323.153.

² R.C. 323.152(B), not in the bill.

³ R.C. 323.151 and 323.152(A), not in the bill.

⁴ R.C. 5747.51(J).



distributions and county population. In most counties, local governments in a county agree to a formula for allocating the money among them under the auspices of the county budget commission. In several counties that have not agreed to adopt their own formula, the budget commission applies the statutory distribution formula. In either case, the budget commission must notify local governments of their shares. The notification also is the official notice that serves as the basis of an appeal of the commission's allocation, which may be brought to the Ohio Board of Tax Appeals within 30 days after the local government receives the notice.

Certification of interest rate

The bill eliminates a requirement that county auditors notify courts of the interest rate set annually by the Tax Commissioner.⁵ Auditors must notify the clerks of the Court of Common Pleas, the county court, and each municipal court in the county. The courts currently are required to post the notice "in a conspicuous and public location" in or near the clerk's office. The bill repeals this posting requirement.⁶

The interest rate is set by the Tax Commissioner according to a statutory formula.⁷ Its principal purpose in law is to establish the amount of interest charged for unpaid state and local taxes and the interest to be paid on refunds of those taxes. The interest rate is posted on the Department of Taxation's website.

Notice of tax-exempt facility applications

The bill eliminates a current requirement that county auditors notify local taxing authorities of pending tax exemption applications for certain kinds of pollution control and energy conversion or conservation property at industrial or commercial facilities.⁸ Current law requires auditors to notify taxing authorities of such applications and of the estimated value of the exempted taxes and the potential for refunds of already paid taxes.

Continuing law authorizes property tax exemption for property used in industrial or commercial operations to reduce air, water, or noise pollution, to convert energy from natural gas or fuel oil to another form, convert solid waste to energy, or to

⁵ R.C. 319.19, repealed.

⁶ R.C. 1343.03; R.C. 1901.313, 1907.202, and 2303.25, repealed.

⁷ R.C. 5703.47, not in the bill.

⁸ R.C. 5709.23, repealed.



recover waste heat.⁹ Much of the property qualifying for tax exemption on that basis is tangible personal property used in business, the taxation of which ended after 2009.

Contractors' certification of personal property tax payment status

The bill modifies a requirement under continuing law that persons who have been awarded a contract by a local government through competitive bidding certify whether the person owes delinquent taxes on tangible personal property taxes used in business when the person submitted the bid. Under current law, every certification becomes incorporated into the contract. The bill requires the certification to be incorporated into a contract only if the contractor owes delinquent taxes.¹⁰

Appeals of county board of revision complaints

The bill requires a party appealing a decision of the Board of Tax Appeals on a complaint originally filed with a county board of revision to submit a copy of the appellate notice to the board of revision and the county auditor within 30 days after the Board's decision is published. Under continuing law, most decisions of the Board of Tax Appeals may be appealed to the Ohio Supreme Court or the court of appeals encompassing the county in which the subject property is located or the taxpayer resides or has its principal place of business, provided a notice of appeal is filed with the court within 30 days after the Board's decision is published.¹¹

County auditor-issued permits and licenses

The bill eliminates current requirements governing two forms of permit or license that county auditors are responsible for issuing. One is a permit required for persons who intend to "exhibit a natural or artificial curiosity, or exhibit horsemanship in a circus, or otherwise, for a price" in a county.¹² The permit fee is between \$25 and \$60, and failure to pay is punishable by a \$100 forfeiture. Revenue from the fee is credited to the county general fund.

The other is a license to conduct a public auction to sell new merchandise.¹³ The license fee is \$10 per day, to be credited to the county general fund. Failure to obtain the license is punishable by a fine of between \$200 and \$1,000 or imprisonment of between

⁹ R.C. 5709.20 to 5709.27, not in the bill.

¹⁰ R.C. 5719.042.

¹¹ R.C. 5717.04.

¹² R.C. 3765.01 to 3765.04, repealed.

¹³ R.C. 1318.01 to 1318.08 and 1318.99, repealed.



30 and 180 days. A bond is also required in the amount of the new merchandise's value as surety for the payment of any taxes, judgments, or fines that might become due from conducting the auction. A person conducting such an auction also must send prior notice of the sale to the Department of Taxation by registered mail. The bond and notice requirement are repealed along with the licensing requirement.

HISTORY

| ACTION | DATE |
|---------------------------|----------|
| Introduced | 04-22-15 |
| Reported, H. Ways & Means | 11-17-15 |
| Passed House (96-1) | 01-26-16 |

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