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H.B. 99
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Cera and Rogers

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SUMMARY

- Increases the homestead exemption from property taxation or the manufactured home tax from \$25,000 to \$30,000 of a home's appraised value or cost.
- Raises the income means test, currently \$32,800 in Ohio adjusted gross income, to \$60,000.

DETAILED ANALYSIS

Homestead exemption

Continuing law provides a property tax credit for the residence, or "homestead," of certain qualifying individuals. Under current law, this "homestead exemption" equals the taxes that would be charged on up to \$25,000 of the true value of a home owned by a qualified elderly or disabled homeowner. ("True value" is the appraised fair market value.) Current law essentially exempts \$25,000 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. According to the Department of Taxation, the average annual tax savings is about \$495 for homeowners who are not disabled veterans. Under continuing law, a special "enhanced" exemption of \$50,000 is available for homes of military veterans who are totally disabled.

The bill increases the \$25,000 homestead exemption to up to \$30,000 of the true value of a home owned by a qualified elderly or disabled homeowner. Under continuing law, the credit also applies to manufactured and mobile homes 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).

The \$25,000 homestead exemption, increased to \$30,000 in the bill, is available only to homeowners who are 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.

Homeowners who would first receive the exemption for tax year 2014 (or tax year 2015 for homeowners who pay the manufactured home tax) must have an Ohio adjusted gross income of \$32,800 or less, as computed for state income tax purposes. (This income limit is increased each year to adjust for inflation.)

The bill raises the income eligibility requirement to \$60,000 or less in Ohio adjusted gross income. (This income limit will continue to be increased each year to adjust for inflation.) Under continuing law, homeowners who received the exemption before 2014 are not subject to the income limit, and no income limit applies to the \$50,000 exemption for disabled veterans.¹

Application date

The homestead exemption modifications authorized by the bill begin to apply in tax year 2019 or, in the case of homes that are subject to the manufactured home tax, in tax year 2020. The difference in application is accounted for by the fact that the manufactured home tax is payable on a current-year basis, whereas the property tax is payable in arrears.²

HISTORY

Action	Date
Introduced	02-26-19

H0099-I-133/ec

¹ R.C. 323.152 and 4503.065.

² Section 3.