



Representative Jack Cera
96th Ohio House District

John M. Rogers
60th Ohio House District

Chairman Merrin, Vice Chair LaRe and members of the House Ways and Means Committee, thank you for allowing Rep Cera and I the opportunity to offer sponsor testimony today about House Bill 99. This legislation would increase the income threshold and the exemption amounts associated with the homestead exemption, benefitting Ohio's homeowners who are retirees and disabled adults.

The homestead exemption was enacted in 1971 and has been changed several times since then, with the most recent substantive change occurring in 2013 as part of Substitute House Bill 72. While the intent of the homestead exemption has remained the same – helping seniors and Ohioans with disabilities stay in their homes – the amount of the exemption and the eligibility thresholds have changed.

HB 99 Increases the Means Test for the Homestead Exemption

Through most of its history in Ohio, the homestead tax exemption has had some sort of means test applied to determine eligibility. From the state's perspective, the exemption is limited to a certain number of households, and by extension, limits the state's tax expenditures. With the recent change in the law, Ohio saw and is expected to see, a continuing decrease in the number of households eligible to take advantage of the exemption. The LSC Fiscal Note for our proposal notes a likely decline of between 2% and 4% recipients per year moving forward. Today, a household consisting of two retirees, with modest pensions, can easily reach the 2019 means test threshold of \$32,800.

House Bill 99, if enacted, will change the current law setting what now equates to \$32,800 base amount for eligibility to take advantage of the exemption, to \$60,000 and allows for an annual inflationary adjustment moving forward. This change

would reverse the current trend of declining eligibility and allow for an approximate 15% annual increase in eligibility due to the ongoing increase in our advancing elderly population.

HB 99 Increases the Amount of the Homestead Exemption

Additionally, today's taxpayers taking advantage of the current homestead exemption realize a \$25,000 reduction in the fair market value of their home before calculating the taxable values of their property. Currently, the average taxpayer receiving the exemption saves approximately \$498 each year on their property taxes. House bill 99 increase the exemption to \$30,000 of the fair market value, further reducing the taxable value of their home by \$5,000 which would produce an average tax savings of \$597 per year on their property (\$99.00 more per year).

HB 99 Impacts Ohio's Seniors and People with Disabilities

Homeowners in Ohio are continuously having to consider increases to their property taxes. School districts rely on tax levies in order to fund our children's public education. Similarly, municipal services including vital police and fire protections have seen funding cuts due to reductions in the State's share of local government funds. The result has been again, an ongoing necessity to seek additional property tax dollars to offset the lost in funding from the state. Ohioans on fixed incomes, have to stretch their limited resources constantly to deal with the rising costs of everyday needs.

Many of our constituents have called and or written to us on this issue asking that the State reconsider its current thresholds for our Homestead Exemption.

As mentioned a moment ago, this legislation will give more of our seniors and disabled homeowners an opportunity to take advantage of this tax break and add \$99 a year back into their pockets for necessities.

While this may not appear to be a significant amount to some of us, for those households figuring out how they are going to pay next week's groceries let alone prescription co-pays or unforeseen medical bills, these savings can make a tangible difference in the quality of life for many.

Chairman Merrin, Vice Chair LaRe, members of the House Ways and Means Committee, we appreciate your time and consideration today. We would very much appreciate your support on this legislation, and are happy to answer any questions you may have on this matter.