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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 90
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Patton

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SUMMARY

- Replaces the partial homestead exemption for disabled veterans with an enhanced homestead exemption for all disabled veterans equal to all taxes imposed on the homestead.
- Reimburses local taxing units for the resulting reduction in taxes in the same manner as other homestead exemptions.

DETAILED ANALYSIS

Homestead exemption: disabled veterans

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 \$25,000 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.) The credit 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. This standard exemption is means-tested, so only homeowners with household income below a certain threshold (\$36,100 for tax year 2023) may qualify for the exemption.

Under current law, a special “enhanced” exemption of \$50,000 is available for homes of honorably discharged military veterans with a total disability and surviving spouses of emergency responders who died in the line of duty. The bill expands the enhanced exemption for disabled veterans by increasing the exemption to equal the full value of the veteran’s homestead. In essence, the enhanced exemption completely exempts a disabled veteran’s home from taxes.

As under the current homestead exemption for disabled veterans, the bill's enhanced exemption extends to the surviving spouse of a disabled veteran, until the spouse dies or remarries. Also like the current disabled veteran exemption, the bill's enhanced exemption does not require the disabled veteran to make below a certain income.

Similar to other homestead exemptions, the bill's enhanced disabled veteran 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 disabled veteran's homestead from special assessments.¹

Application requirements

As with all current homestead exemptions, a disabled veteran must apply to the county auditor to qualify for the exemption. The veteran must include with this initial application a copy of the veteran's discharge record showing the veteran received a total disability rating. 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 enhanced veteran 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 disabled veterans homestead exemption. The reimbursement is paid from the GRF semiannually or annually.³

Application date

The enhanced homestead exemption for disabled veterans begins to apply for tax year 2023 or, in the case of homes that are subject to the manufactured home tax, tax year 2024. The difference in application is accounted for by the fact that manufactured home tax is payable on a current-year basis, whereas property tax is payable in arrears.⁴

¹ R.C. 323.152 and 4503.065; R.C. 323.151 and 4503.064, not in the bill.

² R.C. 323.153 and 4503.066, not in the bill.

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

⁴ Section 3.

HISTORY

Action	Date
Introduced	03-07-23
