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AARP Testimony
Joint Committee on Property Tax Review and Reform
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AARP Ohio

Good morning, Co-Chair Roemer, Co-Chair Blessing and distinguished members of the Joint Committee on Property Tax Review and Reform.

My name is Amy Milam, and I serve as an Associate State Director for AARP Ohio. AARP, with 1.5 million members in Ohio, is a nonpartisan, nonprofit, nationwide organization that helps empower people to choose how they live as they age, strengthens communities, and fights for the issues that matter most to families, such as healthcare, employment and income security, retirement planning, affordable utilities, livable communities, and protection from financial abuse.

We applaud the thoughtful attention and consideration being given by this Committee to Ohio's current system of property valuation and taxation. Property tax is the most burdensome tax for many individuals with low incomes and older people, many of whom live on fixed incomes. It affects people directly as homeowners and indirectly as renters, as landlords may pass on tax burdens in the form of higher rents. At the same time, property taxes provide revenue for the public services that Ohioans need to support their everyday lives.

AARP believes that property tax relief measures must be efficient, targeting relief to those most in need, and seek to balance tax revenue necessary for essential government services older Ohioans rely on. We have long supported property tax relief that is equitable, cost-effective, and targeted to homeowners who are most financially burdened by their property tax bill.

AARP has been working in states across the nation on proposals to provide additional property tax relief to residents that balance local governments' need for revenue with taxpayers' need for the financial flexibility to age in their own homes. **AARP recommends the following approaches to targeted and equitable property tax relief:**

- **Circuit breaker programs** direct relief to taxpayers facing the highest tax burden based on their incomes. Like the circuit breaker in an electrical panel, property tax circuit breakers are "tripped" when property taxes exceed a set threshold percentage of income. The circuit breaker offsets property taxes above that level. Circuit breakers are among the most cost-effective approaches to property tax relief because they target assistance to households with

the least ability to pay, rather than providing more expensive across-the-board relief to all taxpayers without regard to their ability to pay. According to the Lincoln Institute of Land Policy, as of 2019, 31 states and the District of Columbia authorized property tax circuit breaker programs.¹

- **Property tax deferrals** are used by governments to relieve the tax burden for taxpayers who have built equity in their homes but find paying their property tax bill from current income difficult. Property tax deferrals delay, but do not excuse, taxes, which accrue as an increasing lien until the property is sold or the estate settled. While deferred taxes are usually subject to interest charges, the interest rate charged is lower compared with a taxpayer's borrowing alternatives. Tax deferrals allow homeowners to use their home equity to satisfy their property tax obligations. Since the tax is repaid out of the proceeds when the property is sold or transferred, deferrals have no long-term cost to other taxpayers.

Creating livable communities throughout our neighborhoods, where residents of all ages can live, work, raise their families, and retire – is a priority for AARP Ohio. Essential to this vision is affordable housing. Targeted relief programs like the circuit breaker or property tax deferrals keep property taxes manageable and foster housing stability and affordability for both homeowners and renters. Housing stability is essential for long-term health and financial security.

I appreciate the opportunity to provide testimony on behalf of AARP. We are happy to work with any of member of this Committee on either of the approaches discussed. Thank you for your time, and I welcome any questions.

¹ *State-by-State Property Tax at a Glance*. <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance>. *Significant Features of the Property Tax*. Lincoln Institute of Land Policy and George Washington Institute of Public Policy. (Property Tax at a Glance; accessed: 05/08/2024 4:41:21 PM).