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Sponsor Testimony – Senate Bill 242
Senate Ways and Means Committee
Senator Sandra O'Brien
May 22, 2024

Chair Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the Senate Ways and Means Committee, thank you for the opportunity to deliver sponsor testimony today on Senate Bill 242.

This bill is a fix to an issue that was brought to my office last fall regarding a property tax exemption not given when a charitable institution leases property from a religious institution. Under current law, both religious *and* charitable institutions each have what amounts to a property tax exemption independent of each other in two separate sections of code. This allows each institution to provide for others unimpeded by any property tax burden, and allows them to focus on their beneficiary work. Both of these exemptions have been in the Ohio Revised Code (ORC) for many years.

However, when a religious institution leases property to a charitable organization, a property tax is charged. Why? When the portion of the ORC dealing with an exemption for charitable organizations was written, religious institutions were not included in the same provision. This led to a 1982 Ohio Supreme Court ruling that the exemption is not available to religious institutions. Since then there have been a few cases where a charitable organization has appealed to the Tax Commissioner when they have been charged a property tax, but they have not been successful as recently as 2023.

This seems to be a loophole. When one institution that is exempt from a property tax leases their property to another institution that is also exempt from a property tax, it would make sense to allow that agreement to maintain a property tax-exempt status. SB 242 would fix this in the revised code.

Thank you again, Chair Blessing, for allowing me to give sponsor testimony on Senate Bill 242. I am happy to answer any questions from the Committee.