



**Jack Daniels & David Thomas**  
State Representatives

**February 19<sup>th</sup>, 2025**

**Testimony before the Ohio House Ways & Means Committee**

**H.B. 61: Homestead & Owner Occupancy Overhaul Act**

Chair Roemer, Ranking Member Troy, and fellow members of the House Ways & Means Committee, thank you for the opportunity to testify in support of Rep. Daniels' and my Homestead & Owner Occupancy Overhaul Act.

The Property Tax issue is not going away, it will get much, much worse. Sales prices are increasing, supply is not growing, and local services are needed more than ever. This bill is one of many which will be introduced and its underlying principles acted on by the legislature or what we have seen over the last 5 years will be nothing.

With property taxes pre-dating the creation of the State of Ohio, property taxes have been adjusted, modified, pushed, poked, prodded, and unfortunately twisted into a system that doesn't work for many Ohioans, and unfortunately it also doesn't work for many Ohio townships, municipalities, or schools either.

The use of the Latin-based word millage instead of using more commonly understood percentages are just one of the many reasons property taxes are confusing. Another is that instead of giving credit in easily understood dollars, we give homestead credits in value which then has millage applied to it which then results in a credit that very few people (even in this room) know how to calculate. By introducing this bill in flat DOLLARS credited vs. the previous system we hope to take a significant step toward reducing confusion.

The second large issue this bill hopes to work on is the fact that we as a state have decided repeatedly to pay property taxes for homeowners, which gives an incentive to residents to vote for property taxes. The fact is that between the tax on commercial property and the amount the state pays we are reducing the amount the voter pays while still having the voter decide the property tax rates.

We also allow Ohio county officials to implement exemptions that are 100% paid for by the state. This reduces the incentive to apply credits accurately. If a home has an owner-occupied tax credit or homestead credits the locals receive the money from the state if they don't collect it from the residents leaving no incentive to do it accurately. I'm not suggesting anyone is doing

anything wrong, just that the system takes away what should normally be a financial incentive to do things accurately.

We have created a system that is confusing and has misplaced incentives. This is a recipe for a self-fulfilling cycle of imbalanced decision making and in our opinion that creates bad government policy. We have a two-part bill to propose and first Representative Thomas is going to explain the change in the Homestead Exemption.

Rightfully so, there will be many bills related to the Homestead Credit for our seniors and disabled Ohioans. I will not tell you that our bill is perfect, or even that it should be the one approved by this committee and the legislature. However, our goal today is to explain why we believe HB 61 is the right approach with some underlying systematic changes that should be applied to whatever Homestead aspect we all know needs to pass.

#### **HB 61:**

1. Fixes the fundamental problem with Homestead currently as those credits are tied to a value exemption.
  - a. Remember, as values increase, our tax rates decrease for most levies so that our local governments receive the same amount of revenue. Even though for the first time since 2007, this committee and the legislature increased the Homestead Exemption amount for the dollar value to be exempted on property, the credit most seniors received actually decreased last year. This is because the value exempted increased at a lower amount compared to the tax rate decrease. Thus, our seniors lost credit at the very time we need Homestead to be strong. By making the credit a flat amount, and tying it to inflation moving forward, we will first guarantee that seniors will not lose credit amount on Homestead.
2. Increases the amount of credit for Homestead for those who qualify to \$750 or the amount of school taxes assessed, whichever is less.
  - a. Had we as a legislature been moving the exemption amount to inflation from 2007 to now, we would estimate the savings to be equivalent on average to \$750. This is a strong increase for the average traditional Homestead recipient. We placed the school assessed tax language to this legislation to be able to create a direct line between the savings and school taxes which is often the biggest frustration faced by seniors. Those on the Enhanced Homestead would receive double the credit as is current law, but a flat \$1,500 tied to inflation.
3. Adds a cost sharing component with local governments.
  - a. Currently the Homestead Credit and Owner Occupancy Credit is reimbursed by State Sales and Income tax 100%. The bill as introduced would make this a 50/50 split proportionally with local entities who receive the tax dollars. I do not believe the 50/50 split is the correct end number though. I want to make that clear. **I believe, and you will hear me share this repeatedly in future testimony, that our State Sales and Income Tax being decreased over the years to local entities is one of the reasons we are seeing a crisis with property taxes.**

However, I also recognize that this legislation significantly increases the credit to Seniors, Disabled Ohioans, and Homeowners and believe there should be some shared expense given the sharp increase.

- b. The intent with this shared cost is also to recognize that since 2020, a large amount of unvoted, and unbudgeted tax increases at the local, and frankly state level, have occurred. The underlying intent of this bill is to give those dollars back to the folks directly needing that relief most and do it now.
4. Directly impacts those in Ohio who own their home and live in it through an overhaul of the Owner Occupancy Credit which Rep. Daniels will speak to.

Although we are not yet confident in the numbers, as the financial analysis is a bit premature, the proposed changes to the owner-occupancy tax credit in HB 61 represent a crucial step in modernizing and simplifying property tax relief for Ohio homeowners. By replacing the current 2.5% owner-occupancy rollback with a flat \$750 credit, indexed to inflation, this bill ensures that homeowners receive predictable and consistent tax relief that will grow with inflation over time, providing ongoing financial support to those who need it most.

This approach eliminates the complexity of the percentage-based rollback, ensuring fairness and clarity for all eligible homeowners. As Rep Thomas explained, this creates an incentive to give credits to those who are correctly deserving of these savings. The flat credit also allows for greater transparency, making it easier for homeowners to understand the benefits they are entitled to.

HB 61 does not touch the current system of nonbusiness property rollbacks which are given to noncommercial properties at roughly 10%, ensuring that local communities remain supported.

Overall, HB 61 provides a more equitable, sustainable, and efficient approach to property tax relief, helping homeowners while streamlining the system for all parties involved. We strongly support these reforms and believe they will greatly benefit Ohio's residents and local governments alike, giving real and significant relief to the people who need and deserve it most.

On your desks, we have shared examples of a home with this bill and without this bill.

Finally, we introduced this bill and the underlying changes to these credits as a concept to share and used the financial numbers to restore the relief given by State sales and income tax dollars pre-2013. We received back a rushed, first glance financial analysis for just one county. I have responded with several questions on this analysis and fully realize the numbers we have shared with you today would be large for a cost perspective to State & Local. I think it is important to end and emphasize this. The sheer cost of property taxes has so increased since the state sales tax and income tax helped give relief to property owners pre-2013, that to give the same proportion of relief now, would simply be financially unattainable for the state budget. We need to have this in mind as we discuss further relief efforts and the general cost of government at the local level in Ohio.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack K. Daniels". The signature is fluid and cursive, with the first name "Jack" being more prominent.

Jack K. Daniels  
State Representative- Ohio's 32<sup>nd</sup> House District

A handwritten signature in black ink, appearing to read "David Thomas". The signature is fluid and cursive, with the first name "David" being more prominent.

David Thomas  
State Representative- Ohio's 65<sup>th</sup> House District