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H.B. 261
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Richardson and Lorenz

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SUMMARY

- Increases the homestead exemption for elderly or disabled homeowners and certain of their surviving spouses from \$29,000 to \$50,000 of the home's appraised value or cost.

DETAILED ANALYSIS

Homestead exemption

The bill increases the amount of the homestead exemption for elderly homeowners or homeowners with a permanent and total disability and certain of their qualifying surviving spouses. The increased exemption amount is indexed to inflation like all other homestead exemption amounts under continuing law.

Homestead exemption: overview

Continuing law provides a property tax credit for the residence, or "homestead," of certain qualifying individuals. To qualify, an individual must be 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. Under current law, this "homestead exemption" equals the taxes that would be charged on up to \$29,000 of the true value of a home owned by a qualified elderly or disabled homeowner. ("True value" is the appraised fair market value.) In other words, the homestead exemption essentially exempts \$29,000 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. Under continuing law, special "enhanced" exemptions of \$58,000 of a homestead's value are available for homes of military veterans who are totally disabled and for the homes of surviving spouses of public service officers killed in the line of duty. The amount of value exempted from taxation increases each year according to the extent of the increase of the GDP deflator – a broad measure of economic inflation.

Exemption amount

The bill increases the standard homestead exemption amount, currently \$29,000, to up to \$50,000 of the true value of a home owned by a qualified elderly or disabled homeowner. Under continuing law, the credit applies to manufactured and mobile homes as well, regardless of whether they are taxed as real property or taxed under the manufactured home tax (except that manufactured and mobile homes are assessed at 40% of cost or market value and are depreciated over time). This new threshold will continue to increase with inflation.¹

Application date

The bill's homestead exemption modifications apply beginning for tax years ending after the bill's 90-day effective date or, in the case of homes that are subject to the manufactured home tax, tax years commencing after that date. (The difference accounts for the fact that property taxes are paid one year in arrears, while manufactured and mobile home taxes are paid in the current year.)²

HISTORY

Action	Date
Introduced	05-13-25

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¹ R.C. 323.152(A)(1)(c) and 4503.065(A)(2)(b) and (d).

² Section 3.