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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Sigrist and Hoops

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SUMMARY

- Authorizes limited home rule townships, counties, and municipalities to establish temporary zones where certain homeowners may apply for a partial property tax exemption equal to a percentage of the increase in assessed valuation of their homes.
- Requires receipt of an exemption to be limited based on household income, asset ownership, and length of ownership and occupancy.
- Limits the authorization of such zones to periods of no more than ten years, subject to renewal.
- Authorizes exemptions to be for an indefinite period for homeowners aged 60 and over or for six years for all other homeowners.
- Authorizes a recoupment charge for any exemptions claimed while the homestead or owner did not qualify for the exemption.

DETAILED ANALYSIS

Residential stability zones

The bill authorizes limited home rule townships, counties, and municipal corporations to establish zones where qualified homeowners may apply for a partial property tax exemption equal to a percentage, as determined by the enacting subdivision, of the increase in the assessed value of the homestead. These zones, referred to in the bill as residential stability zones (RSZs), may be established by resolution passed by the legislative authority of the political subdivision. The resolution must specify the geographic boundaries of the zone, eligibility guidelines for applicants, application procedures and deadlines, the percentage of increase in value that will be exempted, the duration of the zone, reasons that a homeowner's application may be rejected or exemption revoked, and the identity of the zone's housing officer, who will administer the exemption. The zone applies to all homesteads, including manufactured and mobile homes and units in a housing cooperative.

After adopting a resolution, the authority must certify it to the county auditor of each county that the RSZ encompasses and to the Department of Development. If the resolution is certified before September 1, the exemption may start to apply for the current tax year, otherwise, it starts applying in the following year. RSZs may be established for up to ten years. After expiration, a zone may be renewed, by resolution, for up to another ten years at a time.¹

Eligibility

An RSZ resolution must establish limitations on household income and asset ownership and require a minimum period of ownership for a homeowner to qualify for the exemption. Specifically, the income limitation must require the homeowner's household income to be at least 80% of area median income relative to the metropolitan statistical area (MSA) that the zone is located in, if any, or relative to the county containing the zone if no part of the zone is in an MSA. (Household income is the aggregate state modified adjusted gross income of every nondependent adult living in the applicant's home.) The resolution may set a lower threshold percentage. The resolution must also establish an asset ownership limit for the household taking into consideration things such as bank accounts, trusts, equity in rental property or other capital investments, and other investments including retirement accounts and pension funds. The resolution must also establish a minimum ownership and occupancy period, which must be at least one year.² Finally, a property is ineligible to receive an RSZ exemption if it benefits from a community reinvestment area, enterprise zone, or an environmental remediation ("brownfield") property tax exemption.³

Application

To receive an exemption, a homeowner who lives within an RSZ must apply to the zone's designated housing officer. As part of the application, the applicant must attest to meeting the length of ownership and occupancy requirement and the income and asset limits. An applicant who receives public benefits on the basis of income under Ohio Works First, Supplemental Nutrition Assistance Program (SNAP), or Medicaid is presumed to meet the income limit by providing a verification letter or proof of enrollment from the Ohio Department of Job and Family Services, a county department of job and family services, the Department of Medicaid, or another similar state or local agency. This presumption does not apply if the household's actual income exceeds the income limit. The application must give authority for the Department of Taxation or the county auditor to examine the applicant's tax or financial records relating to income.⁴ The application must provide notice that the applicant may be

¹ R.C. 5709.29(B), with conforming changes in R.C. 4503.06, 5713.07, 5713.08, and 5715.27.

² R.C. 5709.29(B)(1)(b).

³ R.C. 5709.29(C)(2).

⁴ R.C. 5709.29(C)(1).

prosecuted for making false statements on the application, which the bill penalizes as a fourth degree misdemeanor.⁵

After receipt of an application, the housing office must issue a determination within 90 days. Unless the housing officer is the county auditor, the housing officer must also certify an approved application to the auditor. A notice of approval must state the term of the exemption, either six years or indefinite, as discussed below. A notice of denial must state the reason for the denial. An applicant has 60 days to file a request for reconsideration of a denied application. The housing officer must then issue a final determination within 30 days after that request. An applicant may appeal the final denial to the court of common pleas of the county within 60 days.⁶

Both six months and again 90 days before an RSZ exemption is set to expire, the housing officer is required to mail reapplication materials to homeowners, so long as the zone will not have expired when the homeowner is eligible to reapply.⁷ An enacting resolution may allow for an up to four-year phase down in the exemption percentage after the loss of eligibility.⁸

Exemption

An exemption in an RSZ is equal to the percentage specified in the enacting resolution of any increase in a homestead's valuation over its value in the last year before it first qualified for the exemption. For example, if a resolution established the exemption percentage as 50%, then, for a property first granted the exemption in tax year 2026, 50% of its increased value over tax year 2025 would be exempt from taxation. However, increases in assessed value that are due to new construction are not exempted.⁹

For a homeowner aged 60 or over, the exemption continues indefinitely, even if the zone expires and is not renewed, until that owner no longer owns the home. For homeowners under 60 years of age, the term of the exemption is six years, also continuing past the expiration of the zone.

A property no longer qualifies for an exemption if it is no longer owned and occupied by the applicant unless it is transferred upon the death of that owner-applicant to their surviving spouse. In such a case, if the exemption was on a six-year term, it continues through the end of that term. If it was an indefinite term and the surviving spouse is at least 58 years old, the exemption continues indefinitely. Otherwise, it continues six years from the transfer of ownership. For anyone else who inherits a home subject to an RSZ exemption, the housing officer must mail a notice informing the new homeowner that the previous owner benefited

⁵ R.C. 5709.29(F) and 5709.99.

⁶ R.C. 5709.29(C)(3).

⁷ R.C. 5709.29(C)(4).

⁸ R.C. 5709.29(B)(2).

⁹ R.C. 5709.29(D).

from the exemption which will be terminated and that the new homeowner may apply if eligible.¹⁰

Revocation

If a housing officer determines that a homeowner or homestead was not eligible for the exemption at time of application, the housing officer must notify the homeowner of that determination and assess a charge, collected in the same manner as delinquent taxes, equal to the exempted taxes, plus interest, accrued during that period of ineligibility. The homeowner may appeal the imposition of the charge within 60 days and the housing officer must issue a final determination within 30 days after that. If the final determination is a refusal to reconsider, it must state the reason for the refusal. The housing officer must then certify that final determination, or if no appeal was made, the initial imposition of the charge, to the county auditor and county treasurer. A homeowner may appeal the final determination and imposition of the charge to the court of common pleas of the county within 30 days.¹¹

HISTORY

Action	Date
Introduced	11-18-25

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¹⁰ R.C. 5709.29(E).

¹¹ R.C. 5709.29(G).