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S.B. 215
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Blessing

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SUMMARY

- Modifies the eligibility criteria and calculation of the homestead exemption for elderly or disabled homeowners, and certain of their surviving spouses, to be tiered percentages based on the household's modified adjusted gross income.
- Doubles the amount of enhanced homestead exemptions for disabled veterans and the surviving spouses of public safety officers killed in the line of duty.

DETAILED ANALYSIS

Homestead exemption

The bill modifies the eligibility criteria and calculation of the homestead exemption for elderly homeowners or homeowners with a permanent and total disability and certain of their qualifying surviving spouses. It also doubles the amount of enhanced homestead exemptions for disabled veterans and the surviving spouses of public safety officers killed in the line of duty.

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.

Income threshold

Under current law, homeowners who first receive the elderly or disabled homestead exemption for tax year 2014 or later (or tax year 2015 for homeowners who pay the manufactured home tax) must have a modified Ohio adjusted gross income (MAGI) of below a certain income threshold, as computed for state income tax purposes (including all business income and excluding Social Security and disability benefits). The threshold was originally $30,000, but, like the exemption amount, the income threshold is indexed to inflation and increases annually – the 2026 threshold is $41,000. Homeowners who received the homestead exemption before 2014 are not subject to this income limit, and no income limit applies to the enhanced exemptions The bill replaces the flat, inflation-adjusted income threshold for the standard homestead exemption. Instead, to be eligible for the exemption under the bill, a homeowner's household income must be equal to or less than the 90th percentile of MAGI of all Ohio residents. This limit effectively applies to all homeowners, even those who received a homestead exemption before tax year 2014 (or 2015 for manufactured homes).

Exemption amounts

The bill also replaces the flat, inflation-adjusted amount of the standard exemption with a tiered exemption percentage based on the household's MAGI relative to all Ohio residents. Under the bill, a household in the bottom 50% of MAGI will receive the maximum exemption of 20% of the value of the homestead, scaling down as income increases as shown in the following table.[1]

Exemption percentages

MAGI percentile	Exemption percentage
At or below 50%	20%
Greater than 50% and at or below 60%	16%
Greater than 60% and at or below 70%	12%
Greater than 70% and at or below 80%	8%
Greater than 80% and at or below 90%	4%

The bill also increases the enhanced homestead exemption amounts, currently $58,000, to up to $146,000 of the true value of a home owned by a qualified 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

[1] R.C. 323.152(A)(1) and 4503.065(A).

manufactured and mobile homes are assessed at 40% of cost or market value and are depreciated over time). This new amount will continue to increase with inflation.[2]

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.)[3]

HISTORY

Action	Date
Introduced	06-10-25

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[2] R.C. 323.152(A)(2) and (3) and 4503.065(B) and (C).

[3] Section 3.