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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 275**  
**136<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 275's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Sens. Craig and Reynolds

**Local Impact Statement Procedure Required:** No

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### **Highlights**

- The bill establishes a property tax deferral program for eligible homeowners who are permanently and totally disabled or whose income does not exceed 250% of the federal poverty level.
- The estimated amount of deferred property taxes for eligible homeowners will range between \$1.90 billion and \$2.02 billion per year. Applicable households have financial incentive to defer the maximum amount of property taxes made eligible by the bill.
- Local governments will be reimbursed by the state for deferred property taxes using the newly created Property Tax Deferral Revolving Fund. If this fund lacks sufficient balance to make the necessary payments, the bill requires that amount to be transferred from the GRF to offset the shortfall.

### **Detailed Analysis**

The bill establishes a property tax deferral program for eligible homeowners who are permanently and totally disabled or whose income does not exceed 250% of the federal poverty level (FPL). To qualify, an individual must have continuously owned and occupied their homestead, or occupied the homestead in a housing cooperative, for at least one full year immediately preceding the tax year for which the deferral of taxes is sought. Moreover, the qualifying individual must not owe delinquent taxes unless such taxes are under a valid payment agreement. The bill defines a "homestead" as an owner-occupied property or manufactured home not encumbered by certain liens (e.g., reverse mortgage) and with total liens not exceeding 75% of its true value. Eligible homeowners may apply to the county auditor by December 31 of

the applicable tax year to defer property taxes exceeding a set percentage of income – 1%, 3%, or 5%, depending on the homeowner’s modified adjusted gross income<sup>1</sup> relative to the FPL.

Eligible homeowners must reapply to the program each year, and the county auditor must notify homeowners annually of their deferred tax amounts. Deferred taxes become due upon the homeowner’s death (unless transferred to a qualifying heir), sale of the property, cessation of occupancy, or if income exceeds 250% of the FPL. The bill prohibits any interest charge or penalty on deferred taxes that are paid on the aforementioned due date.

The bill also creates the Property Tax Deferral Revolving Fund (PTDRF) in the state treasury to manage deferred tax payments and reimburse counties. County treasurers must certify deferred tax amounts to the Tax Commissioner, who reimburses counties from the fund for the newly deferred taxes. The reimbursed amounts are credited to the county’s undivided income tax fund and distributed among local taxing districts as though the deferred taxes had been paid. If the revolving fund lacks sufficient money, the Director of Budget and Management must transfer the necessary funds from the GRF to ensure timely payments.

The property tax deferral program begins with tax years ending on or after the bill’s effective date, which LBO assumes to be tax year (TY) 2026 and years thereafter.

## **Fiscal effect**

The bill has no direct fiscal effect on local governments. The PTDRF reimburses local governments for the amount of deferred property taxes. Counties will deposit deferred property tax amounts in the PTDRF when they are repaid.

The fiscal effect for the state is estimated using the 2023 American Community Survey (ACS) Public Use Microdata Sample for Ohio and the federal poverty guidelines issued by the U.S. Department of Health and Human Services. According to these sources and estimates from LBO staff, Ohio has approximately 3.3 million owner-occupied households, of which between 30.2% and 41.9% would be eligible to defer a portion of their property taxes based on income.<sup>2</sup> This range reflects the bill’s restriction that the total amount of household liens may not exceed 75% of the home’s true value. Data from the Ohio Housing Finance Agency (2019, the most recent available) indicate that 53.4% of Ohio homeowners with a mortgage have mortgage debt equal to less than 79% of their home’s value. In addition, data from the 2023 American Community Survey, as reported by industry studies,<sup>3</sup> show that 39.9% of owner-occupied homes in Ohio are mortgage free. Based on these data, LBO staff estimate that approximately 72% of owner-occupied homes in Ohio could meet the lien-to-value requirement, having total liens

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<sup>1</sup> The same income measure used for the homestead exemption. Modified adjusted gross income (MAGI) equals Ohio adjusted gross income (Ohio Form 1040, line 3) plus any business income deduction amount. If the taxpayer did not take a business income deduction, then MAGI matches Ohio adjusted gross income.

<sup>2</sup> Additional amounts could be deferred based on the homeowner’s disability status, but these households represent about 2% of all Ohio homeowners, so their fiscal effect does not significantly alter the range estimated for this analysis. To the extent that these households also qualify based on their income, they are already included in the estimated fiscal effect.

<sup>3</sup> Report is published by [Realtors.com](https://www.realtors.com) based on data from the 2023 American Community Survey. The report can be found in their website: [Owner-Occupied Mortgages by State](https://www.realtors.com/research/owner-occupied-mortgages-by-state/).

below 75% of the home's true value, and therefore be eligible to apply for the property tax deferral program.

Total household income is estimated using only the income of the householder and any spouse present. Income from other household members (e.g., children) and Social Security income, which is not taxable under the definition of MAGI, is excluded. The 2023 ACS adjusts all survey respondents' income to be standardized in 2023 dollars.

According to the ACS, Ohio's homeowners paid \$11.6 billion in total property taxes in 2023. The total amount of property taxes eligible for deferral under S.B. 275 is estimated to range from \$1.90 billion to \$2.02 billion per year, if all eligible homeowners were to participate. This amount represents roughly 16% to 18% of the total property taxes collected in the state from owner-occupied homeowners.

The bill does not charge interest or penalties on deferred taxes that are eligible for the deduction. This policy creates a financial incentive for eligible homeowners to defer the maximum amount of property taxes allowed every year.

The table below provides a breakdown of the income eligible for deferral and the number of households in each FPL category authorized by the bill.

Amount of Income Eligible for Deferral under S.B. 275, by FPL			
FPL Threshold	Percentage of Income*	Number of Eligible Households	Amount of Property Tax Eligible for Deferral (in millions)
Equal to or less than 100% of FPL	1%	486,559-515,752	\$1,052.3-\$1,120.7
Exceeds 100% of FPL but does not exceed 160% of FPL	3%	165,019-174,920	\$288.6-\$307.4
Exceeds 160% of FPL but does not exceed 250% of FPL	5%	346,252-367,027	\$557.2-\$593.5
Exceeds 250% of FPL	0%	2,249,959-2,309,829	\$0
<b>Total</b>	<b>-</b>	<b>3,307,659</b>	<b>\$1,898.2-\$2,021.5</b>

\*Under the bill, homeowners may defer annual property taxes to the extent they exceed this percentage of their annual income.