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Legislative Budget Office

S.B. 43*
135th General Assembly

Bill Analysis

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Version: As Reported by House Rules and Reference

Primary Sponsor: Sen. Brenner

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SUMMARY

- Extends the homestead exemption for the surviving spouse of a disabled veteran to spouses of a disabled veteran who dies before receiving a qualifying disability rating.
- Enacts a one-week interim budget for the operation of state programs.
- Makes appropriations.

DETAILED ANALYSIS

Homestead exemption for disabled veteran surviving spouse

Continuing law authorizes an enhanced homestead exemption for disabled veterans and their surviving spouses. The bill expands the situations in which a surviving spouse may qualify for this exemption.

Under continuing law, certain individuals are eligible to claim a property tax credit for their residence, or "homestead." Generally, this "homestead exemption" equals the taxes that would be charged on up to $25,000 of the fair market value of a home owned by 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. The credit essentially exempts $25,000 of the value of a homestead from property taxes.

A special enhanced exemption of $50,000 is available for the homesteads of military veterans who are, pursuant to a rating given by the United States Department of Veterans Affairs, totally disabled. If the disabled veteran dies, the veteran's surviving spouse may continue to claim this exemption until the spouse dies or remarries.

* This analysis was prepared before the report of the House Rules and Reference Committee appeared in the House Journal. Note that the legislative history may be incomplete.

Under current law, a surviving spouse may only claim the exemption if the disabled veteran received a total disability rating and qualified for exemption before the veteran's death. The bill allows a surviving spouse to claim the exemption if the veteran dies *before* receiving a total disability rating. In such a case, the surviving spouse may claim the enhanced exemption beginning for the first full tax year following receipt of the total disability rating.[1] So, for example, if a deceased veteran receives a total disability rating on July 14, 2023, the exemption would first apply for tax year 2024. Similar to surviving spouses eligible for the current enhanced exemption, the spouse continues to receive the exemption until the spouse dies or remarries.

As with the existing homestead exemptions, the state will reimburse local governments for any revenue loss arising from the expanded exemption.[2]

The bill applies to tax years beginning on or after the bill's 90-day effective date, in the case of real property, and to tax years ending on or after that date, in the case of homes subject to the manufactured home tax. The difference in application is accounted for by the fact that manufactured home tax is payable on a current year basis, whereas property tax is payable in arrears.[3]

Interim operating appropriations

The bill enacts appropriations for the operation of state programs for one week, starting July 1 and ending July 7, 2023.[4] The amounts appropriated are based on FY 2023 appropriations, as later adjusted, and must be encompassed within the subsequent main operating appropriations act of the 135th General Assembly.

The bill appropriates a proportional amount of money to each entity that received appropriations in FY 2023. Entities that were not entitled to receive funding after June 30, 2023, will not receive funding under the bill. Further, if the General Assembly has previously appropriated FY 2024 funding to entities, those entities will not receive additional funding under the bill. For example, since the Department of Transportation received funding under H.B. 23 of the 135th General Assembly for FYs 2024 and 2025, they will not get additional funding under this bill.

The Director of Budget and Management is authorized to make determinations regarding distribution of funds during the one-week period.

Specific or additional funding

The bill appropriates funding for certain necessary payments, such as:

[1] R.C. 323.151, 323.152, 323.153, 4503.064, 4503.065, and 4503.066.

[2] R.C. 323.156 and 4503.068, not in the bill.

[3] Section 3.

[4] Sections 4 through 8.

1. Foundation funding to public schools and state share of instruction to public institutions of higher education;
2. Medicaid providers, using the FY 2023 rates;
3. State payroll;
4. Unexpended, unencumbered balances from FY 2023;
5. Mission-critical expenditures.

The bill appropriates additional funding for certain programs and obligations, as described below:

1. 100% of funding needed for debt service and financing and lease rental payments on bonds and notes or other obligations of the state;
2. 100% of the funding needed to fully pay the state's costs in FY 2024 due to various property tax rollbacks.

Surplus FY 2023 revenue

The bill requires the Director to calculate the surplus GRF revenue on June 30, 2023. Any surplus revenue must remain in the GRF, notwithstanding current law that would require it to be transferred to the Budget Stabilization Fund or the Income Tax Reduction Fund.

Effective date

The bill's appropriations take effect immediately when the bill becomes law.

HISTORY

Action	Date
Introduced	01-31-23
Reported, S. Ways & Means	03-07-23
Passed Senate (31-0)	03-29-23
Reported, H. Ways & Means	05-24-23
Reported, H. Rules & Reference	---

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