

AN ACT

To amend sections 323.151, 323.152, 4503.064, and 4503.065 of the Revised Code to modify the homestead exemption by increasing the income eligibility brackets, indexing those brackets to inflation, indexing the maximum tax reduction amounts to inflation, and maintaining the disability deduction for elderly persons who previously qualified for the exemption on the basis of a disability.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 323.151, 323.152, 4503.064, and 4503.065 of the Revised Code be amended to read as follows:

Sec. 323.151. As used in sections 323.151 to 323.157 of the Revised Code:

(A) "Homestead" means a dwelling, including a unit in a multiple-unit dwelling and a manufactured home or mobile home taxed as real property pursuant to division (B) of section 4503.06 of the Revised Code, owned and occupied as a home by an individual whose domicile is in this state and who has not acquired ownership from a person, other than the individual's spouse, related by consanguinity or affinity for the purpose of qualifying for the real property tax reduction provided in section 323.152 of the Revised Code. The homestead shall include so much of the land surrounding it, not exceeding one acre, as is reasonably necessary for the use of the dwelling or unit as a home. An owner includes a holder of one of the several estates in fee, a vendee in possession under a purchase agreement or a land contract, a mortgagor, a life tenant, one or more tenants with a right of survivorship, tenants in common, and a settlor of a revocable inter vivos trust holding the title to a homestead occupied by the settlor as of right under the trust. The tax commissioner shall adopt rules for the uniform classification and valuation of real property or portions of real property as homesteads.

(B) "Sixty-five years of age or older" means a person who has attained age sixty-four prior to the first day of January of the year of application for

reduction in real estate taxes.

(C) "Total income" means the adjusted gross income of the owner and the owner's spouse for the year preceding the year in which application for a reduction in taxes is made, as determined under the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended, adjusted as follows:

(1) Subtract the amount of disability benefits included in adjusted gross income but not to exceed fifty-two hundred dollars, ~~except subtract the entire amount of disability benefits included in adjusted gross income that are paid by the veterans administration or a branch of the armed forces of the United States on account of an injury or disability;~~

(2) Add old age and survivors benefits received pursuant to the "Social Security Act" that are not included in adjusted gross income;

(3) Add retirement, pension, annuity, or other retirement payments or benefits not included in adjusted gross income;

(4) Add tier I and tier II railroad retirement benefits received pursuant to the "Railroad Retirement Act," 50 Stat. 307, 45 U.S.C.A. 228;

(5) Add interest on federal, state, and local government obligations;

(6) For a person who received the homestead exemption for a prior year on the basis of being permanently and totally disabled and whose current application for the exemption is made on the basis of age, subtract the following amount:

(a) If the person received disability benefits that were not included in adjusted gross income in the year preceding the first year in which the person applied for the exemption on the basis of age, subtract an amount equal to the disability benefits the person received in that preceding year, to the extent included in total income in the current year and not subtracted under division (C)(1) of this section in the current year;

(b) If the person received disability benefits that were included in adjusted gross income in the year preceding the first year in which the person applied for the exemption on the basis of age, subtract an amount equal to the amount of disability benefits that were subtracted pursuant to division (C)(1) of this section in that preceding year, to the extent included in total income in the current year and not subtracted under division (C)(1) of this section in the current year.

Disability benefits that are paid by the department of veterans affairs or a branch of the armed forces of the United States on account of an injury or disability shall not be included in total income.

(D) "Old age and survivors benefits received pursuant to the 'Social Security Act'" or "tier I railroad retirement benefits received pursuant to the 'Railroad Retirement Act'" means:

(1) For those persons receiving the homestead exemption for the first time for tax years 1976 and earlier, old age benefits payable under the social security or railroad retirement laws in effect on December 31, 1975, except in those cases where a change in social security or railroad retirement benefits would result in a reduction in income.

(2) For those persons receiving the homestead exemption for the first time for tax years 1977 and thereafter, old age benefits payable under the social security or railroad retirement laws in effect on the last day of the calendar year prior to the year for which the homestead exemption is first received, or, if no such benefits are payable that year, old age benefits payable the first succeeding year in which old age benefits under the social security or railroad retirement laws are payable, except in those cases where a change in social security or railroad retirement benefits results in a reduction in income.

(3) The lesser of:

(a) Survivors benefits payable under the social security or railroad retirement laws in effect on the last day of the calendar year prior to the year for which the homestead exemption is first received, or, if no such benefits are payable that year, survivors benefits payable the first succeeding year in which survivors benefits are payable; or

(b) Old age benefits of the deceased spouse, as determined under division (D)(1) or (2) of this section, upon which the surviving spouse's survivors benefits are based under the social security or railroad retirement laws, except in those cases where a change in benefits would cause a reduction in income.

Survivors benefits are those described in division (D)(3)(b) of this section only if the deceased spouse received old age benefits in the year in which the deceased died. If the deceased spouse did not receive old age benefits in the year in which the deceased spouse died, then survivors benefits are those described in division (D)(3)(a) of this section.

(E) "Permanently and totally disabled" means a person who has, on the first day of January of the year of application for reduction in real estate taxes, some impairment in body or mind that makes the person unfit to work at any substantially remunerative employment which the person is reasonably able to perform and which will, with reasonable probability, continue for an indefinite period of at least twelve months without any present indication of recovery therefrom or has been certified as permanently and totally disabled by a state or federal agency having the function of so classifying persons.

Sec. 323.152. In addition to the reduction in taxes required under

section 319.302 of the Revised Code, taxes shall be reduced as follows: provided in divisions (A) and (B) of this section.

(A) ~~This division~~ (1) Division (A) of this section applies to any of the following:

- ~~(1)~~(a) A person who is permanently and totally disabled;
- ~~(2)~~(b) A person who is sixty-five years of age or older;
- ~~(3)~~(c) A person who is the surviving spouse of a deceased person who was permanently and totally disabled or sixty-five years of age or older and who applied and qualified for a reduction in taxes under this division in the year of death, provided the surviving spouse is at least fifty-nine but not sixty-five or more years of age on the date the deceased spouse dies.

(2) Real property taxes on a homestead owned and occupied by a person to whom ~~this division (A) of this section~~ applies shall be further reduced for each year for which the owner obtains a certificate of reduction from the county auditor under section 323.154 of the Revised Code. The reduction shall equal the amount obtained by multiplying the tax rate for the tax year for which the certificate is issued by the reduction in taxable value shown in the following schedule:

Total Income	Reduce Taxable Value by the Lesser of:
\$10,800 <u>11,900</u> or less	\$5,000 or seventy-five per cent
More than \$10,800 <u>11,900</u> but not more than \$15,800 <u>17,500</u>	\$3,000 or sixty per cent
More than \$15,800 <u>17,500</u> but not more than \$20,800 <u>23,000</u>	\$1,000 or twenty-five per cent
More than \$20,800 <u>23,000</u>	-0-

(3) Each calendar year beginning in 1999, the tax commissioner shall adjust the foregoing schedule by completing the following steps:

(a) Determine the percentage increase in the gross domestic product deflator determined by the bureau of economic analysis of the United States department of commerce from the first day of July of the preceding calendar year to the last day of June of the current calendar year;

(b) Multiply that percentage increase by each of the total income amounts, and by each dollar amount by which taxable value is reduced, for the current tax year;

(c) Add the resulting product to each of the total income amounts, and to each of the dollar amounts by which taxable value is reduced, for the current tax year;

(d) Round the resulting sum to the nearest multiple of one hundred dollars.

The commissioner shall certify the amounts resulting from the adjustment to each county auditor not later than the first day of December each year. The certified amounts apply to the following tax year. The commissioner shall not make the adjustment in any calendar year in which the amounts resulting from the adjustment would be less than the total income amounts, or less than the dollar amounts by which taxable value is reduced, for the current tax year.

(B) Real property taxes on any homestead, and manufactured home taxes on any manufactured or mobile home on which a manufactured home tax is assessed pursuant to division (D)(2) of section 4503.06 of the Revised Code, shall be reduced for each year for which the owner obtains a certificate of reduction from the county auditor under section 323.154 of the Revised Code. The amount of the reduction shall equal one-fourth of the amount by which the taxes charged and payable on the homestead or the manufactured or mobile home are reduced for such year under section 319.302 of the Revised Code.

(C) The reductions granted by this section do not apply to special assessments or respread of assessments levied against the homestead, and if there is a transfer of ownership subsequent to the filing of an application for a reduction in taxes, such reductions are not forfeited for such year by virtue of such transfer.

(D) The reductions in taxable value referred to in this section shall be applied solely as a factor for the purpose of computing the reduction of taxes under this section and shall not affect the total value of property in any subdivision or taxing district as listed and assessed for taxation on the tax lists and duplicates, or any direct or indirect limitations on indebtedness of a subdivision or taxing district. If after application of sections 5705.31 and 5705.32 of the Revised Code, including the allocation of all levies within the ten-mill limitation to debt charges to the extent therein provided, there would be insufficient funds for payment of debt charges not provided for by levies in excess of the ten-mill limitation, the reduction of taxes provided for in sections 323.151 to 323.157 of the Revised Code, shall be proportionately adjusted to the extent necessary to provide such funds from levies within the ten-mill limitation.

(E) No reduction shall be made on the taxes due on the homestead of any person convicted of violating division (C) or (D) of section 323.153 of the Revised Code for a period of three years following the conviction.

Sec. 4503.064. As used in sections 4503.064 to 4503.069 of the Revised

Code:

(A) "Sixty-five years of age or older" means a person who will be age sixty-five or older in the calendar year following the year of application for reduction in the assessable value of the person's manufactured or mobile home.

(B) "Total income" means the adjusted gross income of the owner and the owner's spouse for the year preceding the year in which application for a reduction in taxes is made, as determined under the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended, adjusted as follows:

(1) Subtract the amount of disability benefits included in adjusted gross income but not to exceed five thousand two hundred dollars, ~~except subtract the entire amount of disability benefits included in adjusted gross income that are paid by the veteran's administration or a branch of the armed forces of the United States on account of an injury or disability;~~

(2) Add old age and survivors benefits received pursuant to the "Social Security Act" that are not included in adjusted gross income;

(3) Add retirement, pension, annuity, or other retirement payments or benefits not included in adjusted gross income;

(4) Add tier I and II railroad retirement benefits received pursuant to the "Railroad Retirement Act," 50 Stat. 307, 45 U.S.C. 228;

(5) Add interest on federal, state, and local government obligations;

(6) For a person who received the homestead exemption for a prior year on the basis of being permanently and totally disabled and whose current application for the exemption is made on the basis of age, subtract the following amount:

(a) If the person received disability benefits that were not included in adjusted gross income in the year preceding the first year in which the person applied for the exemption on the basis of age, subtract an amount equal to the disability benefits the person received in that preceding year, to the extent included in total income in the current year and not subtracted under division (B)(1) of this section in the current year;

(b) If the person received disability benefits that were included in adjusted gross income in the year preceding the first year in which the person applied for the exemption on the basis of age, subtract an amount equal to the amount of disability benefits that were subtracted pursuant to division (B)(1) of this section in that preceding year, to the extent included in total income in the current year and not subtracted under division (B)(1) of this section in the current year.

Disability benefits that are paid by the department of veterans affairs or a branch of the armed forces of the United States on account of an injury or

disability shall not be included in total income.

(C) "Old age and survivors benefits received pursuant to the 'Social Security Act'" or "tier I railroad retirement benefits received pursuant to the 'Railroad Retirement Act'" means:

(1) The old age benefits payable under the social security or railroad retirement laws in effect on the last day of the calendar year preceding the year in which the applicant's application for reduction is first successfully made, or, if no such benefits are payable that year, old age benefits payable the first succeeding year in which old age benefits under the social security or railroad retirement laws are payable, except in those cases where a change in social security or railroad retirement benefits results in a reduction in income.

(2) The lesser of:

(a) Survivors benefits payable under the social security or railroad retirement laws in effect on the last day of the calendar year preceding the year in which the applicant's application for reduction is first successfully made, or, if no such benefits are payable that year, survivors benefits payable the first succeeding year in which survivors benefits are payable; or

(b) Old age benefits of the deceased spouse, as determined under division (C)(1) of this section, upon which the surviving spouse's survivors benefits are based under the social security or railroad retirement laws, except in those cases where a change in benefits would cause a reduction in income.

Survivors benefits are those described in division (C)(2)(b) of this section only if the deceased spouse received old age benefits in the year in which the deceased died. If the deceased spouse did not receive old age benefits in the year in which the deceased died, then survivors benefits are those described in division (C)(2)(a) of this section.

(D) "Permanently and totally disabled" means a person who, on the first day of January of the year of application, including late application, for reduction in the assessable value of a manufactured or mobile home, has some impairment in body or mind that makes the person unfit to work at any substantially remunerative employment which the person is reasonably able to perform and which will, with reasonable probability, continue for an indefinite period of at least twelve months without any present indication of recovery therefrom or has been certified as permanently and totally disabled by a state or federal agency having the function of so classifying persons.

(E) "Homestead exemption" means the reduction in taxes allowed under division (A) of section 323.152 of the Revised Code for the year in which an application is filed under section 4503.066 of the Revised Code.

(F) "Manufactured home" has the meaning given in division (C)(4) of section 3781.06 of the Revised Code, and includes a structure consisting of two manufactured homes that were purchased either together or separately and are combined to form a single dwelling, but does not include a manufactured home that is taxed as real property pursuant to division (B) of section 4503.06 of the Revised Code.

(G) "Mobile home" has the meaning given in division (O) of section 4501.01 of the Revised Code and includes a structure consisting of two mobile homes that were purchased together or separately and combined to form a single dwelling, but does not include a mobile home that is taxed as real property pursuant to division (B) of section 4503.06 of the Revised Code.

(H) "Late application" means an application filed with an original application under division (A)(3) of section 4503.066 of the Revised Code.

Sec. 4503.065. (A) This section applies to any of the following:

~~(A)~~(1) An individual who is permanently and totally disabled;

~~(B)~~(2) An individual who is sixty-five years of age or older;

~~(C)~~(3) An individual who is the surviving spouse of a deceased person who was permanently and totally disabled or sixty-five years of age or older and who applied and qualified for a reduction in assessable value under this section in the year of death, provided the surviving spouse is at least fifty-nine but not sixty-five or more years of age on the date the deceased spouse dies.

~~(B)~~(1) The manufactured home tax on a manufactured or mobile home that is paid pursuant to division (C) of section 4503.06 of the Revised Code and that is owned and occupied as a home by an individual whose domicile is in this state and to whom this section applies, shall be reduced for any tax year for which the owner obtains a certificate of reduction from the county auditor under section 4503.067 of the Revised Code, provided the individual did not acquire ownership from a person, other than the individual's spouse, related by consanguinity or affinity for the purpose of qualifying for the reduction in assessable value. An owner includes a settlor of a revocable inter vivos trust holding the title to a manufactured or mobile home occupied by the settlor as of right under the trust. The reduction shall equal the amount obtained by multiplying the tax rate for the tax year for which the certificate is issued by the reduction in assessable value shown in the following schedule.

Total Income	Reduce Assessable Value by the Lesser of: Column A Column B
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\$10,800 <u>11,900</u> or less	\$5,000 or seventy-five per cent
More than \$10,800 <u>11,900</u> but not more than \$15,800 <u>17,500</u>	\$3,000 or sixty per cent
More than \$15,800 <u>17,500</u> but not more than \$20,800 <u>23,000</u>	\$1,000 or twenty-five per cent
More than \$20,800 <u>23,000</u>	-0-

(2) Each calendar year beginning in 1999, the tax commissioner shall adjust the foregoing schedule by completing the following steps:

(a) Determine the percentage increase in the gross domestic product deflator determined by the bureau of economic analysis of the United States department of commerce from the first day of July of the preceding calendar year to the last day of June of the current calendar year;

(b) Multiply that percentage increase by each of the total income amounts, and by each dollar amount by which assessable value is reduced, for the ensuing tax year;

(c) Add the resulting product to each of the total income amounts, and to each of the dollar amounts by which assessable value is reduced, for the ensuing tax year;

(d) Round the resulting sum to the nearest multiple of one hundred dollars.

The commissioner shall certify the amounts resulting from the adjustment to each county auditor not later than the first day of December each year. The certified amounts apply to the second ensuing tax year. The commissioner shall not make the adjustment in any calendar year in which the amounts resulting from the adjustment would be less than the total income amounts, or less than the dollar amounts by which assessable value is reduced, for the ensuing tax year.

(C) If the owner or the spouse of the owner of a manufactured or mobile home is eligible for a homestead exemption on the land upon which the home is located, the reduction in assessable value to which the owner or spouse is entitled under this section shall not exceed the difference between the reduction in assessable value to which the owner or spouse is entitled under column A of the above schedule and the amount of the reduction in taxable value that was used to compute the homestead exemption.

(D) No reduction shall be made on the assessable value of the home of any person convicted of violating division (C) or (D) of section 4503.066 of the Revised Code for a period of three years following the conviction.

SECTION 2. That existing sections 323.151, 323.152, 4503.064, and 4503.065 of the Revised Code are hereby repealed.

SECTION 3. (A)(1) Except as otherwise provided in division (A)(2) of this section, the amendments made by this act to division (C) of section 323.151 and division (A) of section 323.152 of the Revised Code first apply to tax year 1999. A person whose homestead first becomes eligible for the reduction in taxable value or is entitled to an increased reduction for tax year 1999 because of the amendments made to either of those divisions may apply for the reduction or increase therein for that year not later than 90 days after the effective date of this section, notwithstanding filing requirements to the contrary under division (A)(3) of section 323.153 of the Revised Code.

(2) Notwithstanding division (A)(3) of section 323.152 of the Revised Code, as amended by this act, the adjustment to the dollar amount by which taxable value is reduced under that division shall be made first in calendar year 2001 and thereafter. The reduction resulting from that adjustment first applies to tax years 2002 and thereafter.

(B)(1) Except as otherwise provided in division (B)(2) of this section, the amendments made by this act to sections 4503.064 and 4503.065 of the Revised Code first apply to tax year 2000. A person whose manufactured or mobile home first becomes eligible for the reduction in assessable value or is entitled to an increased reduction for tax year 2000 because of the amendments made to either of those sections may apply for the reduction or increase therein for that year not later than 90 days after the effective date of this section, notwithstanding the filing requirements to the contrary under division (A)(2) of section 4503.066 of the Revised Code.

(2) Notwithstanding division (B)(2) of section 4503.065 of the Revised Code, as amended by this act, the adjustment to the dollar amount by which taxable value is reduced under that division shall be made first in calendar year 2002 and thereafter. The reduction resulting from that adjustment first applies to tax years 2003 and thereafter.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

Am. Sub. S. B. No. 6

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The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the
____ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____