

As Introduced

**126th General Assembly
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H. B. No. 293

**Representatives Kilbane, Miller, Trakas, McGregor, Wolpert, C. Evans,
Reidelbach, Gilb, Faber, Cassell, Kearns, Hartnett, Carano, Bocchieri, Healy,
Buehrer**

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A B I L L

To amend section 135.353 and to enact sections 1
135.804, 135.805, 135.806, and 135.807 of the 2
Revised Code to authorize boards of county 3
commissioners to establish property tax payment 4
linked deposit programs to assist senior citizens 5
and permanently and totally disabled citizens in 6
paying property taxes on their homesteads. 7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 135.353 be amended and sections 8
135.804, 135.805, 135.806, and 135.807 of the Revised Code be 9
enacted to read as follows: 10

Sec. 135.353. In addition to the investments specified in 11
section 135.35 of the Revised Code, the investing authority of a 12
county may invest inactive or public moneys in ~~linked~~ both of the 13
following: 14

(A) Linked deposits as authorized by resolution adopted 15
pursuant to section 135.80 or 135.801 of the Revised Code; 16

(B) Linked deposits as authorized by resolution adopted 17
pursuant to section 135.805 of the Revised Code for a term 18

considered appropriate by the investing authority, but not
exceeding fifteen years, which investment may be renewed for up to
two additional terms with each additional term not exceeding
fifteen years.

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Sec. 135.804. As used in sections 135.804 to 135.807 of the
Revised Code:

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(A) "Current taxes" has the same meaning as in section 323.01
of the Revised Code.

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(B) "Eligible borrower" means a person meeting all of the
following:

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(1) The person is the owner of a homestead that is not
charged with any delinquent taxes.

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(2) The person is, at the time of applying for a reduced rate
loan under a property tax payment linked deposit program, either
sixty-five years of age or older or permanently and totally
disabled.

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(3) The person had total income in the year prior to
submitting an application for a reduced rate loan under a property
tax payment linked deposit program the lesser of fifty thousand
dollars or the total income limit established pursuant to section
135.805 of the Revised Code by the board of county commissioners
as an eligibility requirement for participation in a property tax
payment linked deposit program.

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(4) The person meets all other eligibility requirements
established pursuant to section 135.805 of the Revised Code by the
board of county commissioners for participation in a property tax
payment linked deposit program.

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(C) "Eligible lending institution" means a financial
institution that meets all of the following:

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(1) The financial institution is eligible to make loans to individuals that are secured by mortgages, including mortgages commonly known as reverse mortgages. 48
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(2) The financial institution has an office located within the territorial limits of the county. 51
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(3) The financial institution is an eligible public depository described in section 135.32 of the Revised Code into which the county's investing authority may deposit the public moneys of the county. 53
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(4) The financial institution has entered into an agreement described in division (B)(4) of section 135.805 of the Revised Code with the investing authority of the county to participate in the property tax payment linked deposit program. 57
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(D) "Homestead" means either of the following: 61

(1) 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 a property tax payment linked deposit program. 62
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(2) A unit in a housing cooperative that is occupied as a home, but not owned, by an individual whose domicile is in this state. 70
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The homestead shall include so much of the land surrounding it, not exceeding one acre, that 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 73
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tenant, one or more tenants with a right of survivorship, tenants 78
in common, and a settlor of a revocable inter vivos trust holding 79
the title to a homestead occupied by the settlor as of right under 80
the trust. The tax commissioner shall adopt rules for the uniform 81
classification and valuation of real property or portions of real 82
property as homesteads. 83

(E) "Housing cooperative" means a housing complex of at least 84
two hundred fifty units that is owned and operated by a nonprofit 85
corporation that issues a share of the corporation's stock to an 86
individual, entitling the individual to live in a unit of the 87
complex, and collects a monthly maintenance fee from the 88
individual to maintain, operate, and pay the taxes of the complex. 89

(F) "Investing authority" and "public moneys" have the same 90
meanings as in section 135.31 of the Revised Code. 91

(G) "Lien certificate" means the certificate described in 92
section 135.807 of the Revised Code. 93

(H) "Old age and survivors benefits received pursuant to the 94
'Social Security Act'" or "tier I railroad retirement benefits 95
received pursuant to the 'Railroad Retirement Act'" means: 96

(1) Old age benefits payable under the social security or 97
railroad retirement laws in effect on the last day of the calendar 98
year prior to the year for which a reduced rate loan under a 99
property tax payment linked deposit program is applied for, or, if 100
no such benefits are payable that year, old age benefits payable 101
the first succeeding year in which old age benefits under the 102
social security or railroad retirement laws are payable, except in 103
those cases where a change in social security or railroad 104
retirement benefits results in a reduction in income. 105

(2) The less of: 106

(a) Survivors benefits payable under the social security or 107

railroad retirement laws in effect on the last day of the calendar
year prior to the year for which a reduced rate loan under a
property tax payment linked deposit program is applied for, or, if
no such benefits are payable that year, survivors benefits payable
the first succeeding year in which survivors benefits are payable;
or

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(b) Old age benefits of the deceased spouse, as determined
under division (H)(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.

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Survivors benefits are those described in division (H)(2)(b)
of this section only if the deceased spouse received old age
benefits in the year in which the deceased spouse 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 (H)(2)(a) of this section.

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(I) "Permanently and totally disabled" means a person who
has, on the first day of January of the year that a reduced rate
loan under a property tax payment linked deposit program is
applied for, has some impairment in body or mind that makes the
person unable to work at any substantially remunerative employment
that the person reasonably is able to perform and that 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.

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(J) "Property tax payment linked deposit program" means a
county-wide program authorized under section 135.805 of the
Revised Code and established by the board of county commissioners

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<u>of a county pursuant to that section.</u>	139
<u>(K) "Sixty-five years of age or older" means a person who has</u>	140
<u>attained age sixty-four prior to the first day of January of the</u>	141
<u>year of application for a reduced rate loan under a property tax</u>	142
<u>payment linked deposit program.</u>	143
<u>(L) "Total income" means the adjusted gross income of the</u>	144
<u>owner and the owner's spouse for the year preceding the year in</u>	145
<u>which application for a reduced rate loan under a property tax</u>	146
<u>payment linked deposit program is made, as determined under the</u>	147
<u>"Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as</u>	148
<u>amended, adjusted as follows:</u>	149
<u>(1) Subtract the amount of disability benefits included in</u>	150
<u>adjusted gross income, but not to exceed fifty-two hundred</u>	151
<u>dollars;</u>	152
<u>(2) Add old age and survivors benefits received pursuant to</u>	153
<u>the "Social Security Act" that are not included in adjusted gross</u>	154
<u>income;</u>	155
<u>(3) Add retirement, pension, annuity, or other retirement</u>	156
<u>payments or benefits not included in adjusted gross income;</u>	157
<u>(4) Add tier I and tier II railroad retirement benefits</u>	158
<u>received pursuant to the "Railroad Retirement Act," 50 Stat. 307,</u>	159
<u>45 U.S.C.A. 228;</u>	160
<u>(5) Add interest on federal, state, and local government</u>	161
<u>obligations;</u>	162
<u>(6) For a person who received a reduced rate loan under a</u>	163
<u>property tax payment linked deposit program for a prior year on</u>	164
<u>the basis of being permanently and totally disabled and whose</u>	165
<u>current application for a reduced rate loan is made on the basis</u>	166
<u>of age, subtract the following amount:</u>	167
<u>(a) If the person received disability benefits that were not</u>	168

included in adjusted gross income in the year preceding the first 169
year in which the person applied for a reduced rate loan on the 170
basis of age, subtract an amount equal to the disability benefits 171
the person received in that preceding year, to the extent included 172
in total income in the current year and not subtracted under 173
division (L)(1) of this section in the current year; 174

(b) If the person received disability benefits that were 175
included in adjusted gross income in the year preceding the first 176
year in which the person applied for a reduced rate loan on the 177
basis of age, subtract an amount equal to the amount of disability 178
benefits that were subtracted pursuant to division (L)(1) of this 179
section in that preceding year, to the extent included in total 180
income in the current year and not subtracted under division 181
(L)(1) of this section in the current year. 182

Disability benefits that are paid by the department of 183
veterans affairs or a branch of the armed forces of the United 184
States on account of an injury or disability shall not be included 185
in total income. 186

Sec. 135.805. (A) The general assembly finds that many low to 187
moderate income senior citizens and permanently and totally 188
disabled citizens face financial hardship and find it difficult to 189
timely pay property taxes on their homesteads which can lead to 190
delinquencies, penalties, declines in tax receipts, foreclosures, 191
a loss of stable and affordable housing, a loss of neighborhoods 192
and communities, and a decline in property values. Accordingly, it 193
is declared to be the public policy of the state through property 194
tax payment linked deposit programs established by counties to 195
provide a source of low-cost funds for lending purposes to assist 196
these citizens in timely paying property taxes on their 197
homesteads. 198

(B) The board of county commissioners, by resolution, may 199

establish a property tax payment linked deposit program 200
authorizing the investing authority of the county, in accordance 201
with division (B) of section 135.353 of the Revised Code, to place 202
certificates of deposit at up to three per cent below market rates 203
with an eligible lending institution, provided that the eligible 204
lending institution agrees to lend the value of such deposit to 205
eligible borrowers at up to three per cent below the present 206
borrowing rate applicable to each eligible borrower. The 207
resolution shall include requirements and provisions necessary to 208
establish and carry out the property tax payment linked deposit 209
program, including, but not limited to, all of the following: 210

(1) Eligibility requirements for borrowers who may receive 211
reduced rate loans under the property tax payment linked deposit 212
program, including a total income limit for a borrower to be 213
eligible for such a loan; 214

(2) Application procedures for eligible borrowers and 215
eligible lending institutions wishing to participate in the 216
property tax payment linked deposit program; 217

(3) Review procedures for applications and criteria for 218
acceptance or rejection of applications for reduced rate loans 219
under the property tax payment linked deposit program; 220

(4) Necessary agreements between the eligible lending 221
institution and the investing authority of the county to carry out 222
the purposes of the property tax payment linked deposit program, 223
including procedures for the payment directly to the county 224
treasurer by the eligible lending institution of the current 225
property taxes due on the homestead and delivery by the county 226
treasurer to the eligible lending institution of the lien 227
certificate as provided in section 135.807 of the Revised Code; 228

(5) Annual reports regarding the operation of the property 229
tax payment linked deposit program to be made by the investing 230

authority to the board of county commissioners. 231

(C) A board of county commissioners may appropriate funds 232
from the general fund of the county or any other lawfully 233
available funds of the county for the purpose of defraying some or 234
all of the closing costs and expenses of reduced rate loans made 235
by eligible lending institutions to eligible borrowers pursuant to 236
the property tax payment linked deposit program. 237

(D) The county and its investing authority and board of 238
county commissioners are not liable to any eligible lending 239
institution in any manner for the payment of the principal or 240
interest on any reduced rate loan made under the property tax 241
payment linked deposit program, and any delay in payment or 242
default on the part of any borrower does not in any manner affect 243
the deposit agreement between the eligible lending institution and 244
the investing authority or board of county commissioners. 245

Sec. 135.806. Upon placement of a property tax payment linked 246
deposit with an eligible lending institution pursuant to an 247
agreement described in section 135.805 of the Revised Code, the 248
eligible lending institution shall do both of the following: 249

(A) Lend funds pursuant to the agreement to an eligible 250
borrower; 251

(B) Comply fully with the requirements of sections 135.804 to 252
135.807 of the Revised Code. 253

Sec. 135.807. (A) A property tax payment linked deposit 254
program shall provide for the delivery of a lien certificate to an 255
eligible lending institution making payment to the county 256
treasurer, pursuant to a loan agreement with an eligible borrower, 257
of some or all of the current taxes then due on the homestead of 258
that eligible borrower. 259

(B)(1) To ensure uniformity among all counties, the tax commissioner shall prescribe the form for a lien certificate delivered pursuant to division (A) of this section, which form shall include the identity of the homestead, the eligible borrower, the eligible lending institution, the amount of current taxes paid by that eligible lending institution, and the tax year for which the current taxes were paid. The tax commissioner shall distribute the forms to the county treasurers of all counties in which a property tax payment linked deposit program is established.

(2) A county treasurer shall use the form prescribed by the tax commissioner pursuant to division (B)(1) of this section, except that, prior to the time that a lien certificate form is prescribed and the forms are distributed by the tax commissioner, the form shall be prepared by the county treasurer of the county, contain the information required by division (B)(1) of this section, and include the following sentence: "This lien certificate is delivered pursuant to section 135.807 of the Revised Code and vests in the eligible lending institution the first lien held previously by the state and its taxing districts for the amount of current taxes paid by the eligible lending institution, together with any and all unpaid interest thereon."

(C)(1) The delivery of the lien certificate pursuant to division (A) of this section vests in the eligible lending institution the first lien held previously by the state and its taxing districts for the amount of current taxes paid by the eligible lending institution, together with any unpaid interest thereon from the date of delivery at the interest rate specified in the loan agreement between the eligible lending institution and the eligible borrower.

(2) Subject to division (C)(3) of this section, the lien certificate delivered pursuant to division (A) of this section is

superior to all other liens and encumbrances upon the homestead 292
described in that lien certificate, and the lien continues in full 293
force and effect until the amount of current taxes paid by the 294
eligible lending institution, together with any unpaid interest 295
thereon, has been repaid to the eligible lending institution. 296

(3) With respect to the priority as among first liens of the 297
state and its taxing districts, the priority is determined by the 298
date that the first liens of the state and its taxing districts 299
attached pursuant to section 323.11 of the Revised Code, with 300
first priority to the earliest attached lien and each immediately 301
subsequent priority based upon the next earliest attached lien. 302

(D) The eligible lending institution may record the lien 303
certificate or memorandum thereof as a mortgage of land in the 304
office of the county recorder of the county in which the homestead 305
is situated. The county recorder shall record the certificate in 306
the record of mortgages provided in division (B) of section 317.08 307
of the Revised Code and shall index the certificate in the indexes 308
provided for under section 317.18 of the Revised Code. If the lien 309
subsequently is canceled, the cancellation also shall be recorded 310
by the county recorder. 311

Section 2. That existing section 135.353 of the Revised Code 312
is hereby repealed. 313