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

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Schneider, Seitz, Setzer, Skindell, Smith, S., Stewart, D., Stewart, J.,
Strahorn, Taylor, Ujvagi, Wagoner, Webster, Williams, Woodard, Yates, Yuko**

—

A BILL

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. (A) In addition to the investments specified in 11 section 135.35 of the Revised Code, the investing authority of a 12

county may do ~~both~~ all of the following: 13

~~(A)(1)~~ Invest inactive or public moneys in linked deposits as 14
authorized by resolution adopted pursuant to section 135.80 or 15
135.801 of the Revised Code; 16

~~(B)(2)~~ Invest inactive or public moneys in linked deposits as 17
authorized by resolution adopted pursuant to section 135.805 of 18
the Revised Code for a term considered appropriate by the 19
investing authority, but not exceeding fifteen years, which 20
investment may be renewed for up to two additional terms with each 21
additional term not exceeding fifteen years. 22

(3) Invest inactive moneys in certificates of deposit in 23
accordance with all of the following: 24

~~(1)(a)~~ The inactive moneys initially are deposited with an 25
eligible public depository described in section 135.32 of the 26
Revised Code and selected by the investing authority. 27

~~(2)(b)~~ For the investing authority depositing the inactive 28
moneys pursuant to division ~~(B)(1)(A)(3)(a)~~ of this section, the 29
eligible public depository selected pursuant to that division 30
invests the inactive moneys in certificates of deposit of one or 31
more federally insured banks or savings and loan associations, 32
wherever located. The full amount of principal and any accrued 33
interest of each certificate of deposit invested in pursuant to 34
division ~~(B)(2)(A)(3)(b)~~ of this section shall be insured by 35
federal deposit insurance. 36

~~(3)(c)~~ For the investing authority depositing the inactive 37
moneys pursuant to division ~~(B)(1)(A)(3)(a)~~ of this section, the 38
eligible public depository selected pursuant to that division acts 39
as custodian of the certificates of deposit described in division 40
~~(B)(2)(A)(3)(b)~~ of this section. 41

~~(4)(d)~~ At the same time that the eligible public depository 42
selected in accordance with division ~~(B)(1)(A)(3)(a)~~ of this 43

section invests the deposit received pursuant to that division in 44
the certificates of deposit described in division ~~(B)(2)~~(A)(3)(b) 45
of this section, and the certificates of deposit are issued by the 46
bank or savings and loan association, the eligible public 47
depository receives an amount of deposits from customers of other 48
federally insured financial institutions, wherever located, that 49
are equal to or greater than the amount initially deposited by the 50
investing authority pursuant to division ~~(B)(1)~~(A)(3)(a) of this 51
section. 52

~~(C)(B)~~ Inactive moneys deposited or invested in accordance 53
with division ~~(B)(A)(3)~~ of this section are not subject to any 54
pledging requirements described in section 135.181 or 135.37 of 55
the Revised Code. 56

Sec. 135.804. As used in sections 135.804 to 135.807 of the 57
Revised Code: 58

(A) "Taxes" has the same meaning as in section 323.01 of the 59
Revised Code. 60

(B) "Eligible borrower" means a person meeting all of the 61
following: 62

(1) The person is the owner of a homestead that is not 63
charged with more than two years worth of certified delinquent 64
taxes. 65

(2) The person had total income in the year prior to 66
submitting an application for a reduced rate loan under a property 67
tax payment linked deposit program the lesser of fifty thousand 68
dollars or the total income limit established pursuant to section 69
135.805 of the Revised Code by the board of county commissioners 70
as an eligibility requirement for participation in a property tax 71
payment linked deposit program. 72

(3) The person meets all other eligibility requirements 73

established pursuant to section 135.805 of the Revised Code by the 74
board of county commissioners for participation in a property tax 75
payment linked deposit program. 76

(C) "Eligible lending institution" means a financial 77
institution that meets all of the following: 78

(1) The financial institution is eligible to make loans to 79
individuals that are secured by mortgages, including mortgages 80
commonly known as reverse mortgages. 81

(2) The financial institution has an office located within 82
the territorial limits of the county. 83

(3) The financial institution is an eligible public 84
depository described in section 135.32 of the Revised Code into 85
which the county's investing authority may deposit the public 86
moneys of the county. 87

(4) The financial institution has entered into an agreement 88
described in division (B)(4) of section 135.805 of the Revised 89
Code with the investing authority of the county to participate in 90
the property tax payment linked deposit program. 91

(D) "Homestead" means either of the following: 92

(1) A dwelling, including a unit in a multiple-unit dwelling 93
and a manufactured home or mobile home taxed as real property 94
pursuant to division (B) of section 4503.06 of the Revised Code, 95
owned and occupied as a home by an individual whose domicile is in 96
this state and who has not acquired ownership from a person, other 97
than the individual's spouse, related by consanguinity or affinity 98
for the purpose of qualifying for a property tax payment linked 99
deposit program. 100

(2) A unit in a housing cooperative that is occupied as a 101
home, but not owned, by an individual whose domicile is in this 102
state. 103

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 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.

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

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

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

(H) "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) 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 a reduced rate loan under a property tax payment linked deposit program is applied for, 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 135
retirement benefits results in a reduction in income. 136

(2) The less of: 137

(a) Survivors benefits payable under the social security or 138
railroad retirement laws in effect on the last day of the calendar 139
year prior to the year for which a reduced rate loan under a 140
property tax payment linked deposit program is applied for, or, if 141
no such benefits are payable that year, survivors benefits payable 142
the first succeeding year in which survivors benefits are payable; 143
or 144

(b) Old age benefits of the deceased spouse, as determined 145
under division (H)(1) of this section, upon which the surviving 146
spouse's survivors benefits are based under the social security or 147
railroad retirement laws, except in those cases where a change in 148
benefits would cause a reduction in income. 149

Survivors benefits are those described in division (H)(2)(b) 150
of this section only if the deceased spouse received old age 151
benefits in the year in which the deceased spouse died. If the 152
deceased spouse did not receive old age benefits in the year in 153
which the deceased spouse died, then survivors benefits are those 154
described in division (H)(2)(a) of this section. 155

(I) "Permanently and totally disabled" means a person who, on 156
the first day of January of the year that a reduced rate loan 157
under a property tax payment linked deposit program is applied 158
for, has some impairment in body or mind that makes the person 159
unable to work at any substantially remunerative employment that 160
the person reasonably is able to perform and that will, with 161
reasonable probability, continue for an indefinite period of at 162
least twelve months without any present indication of recovery 163
therefrom or has been certified as permanently and totally 164
disabled by a state or federal agency having the function of so 165

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
of a county pursuant to that section.

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(K) "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 a reduced rate loan under a property tax
payment linked deposit program.

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(L) "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 reduced rate loan under a property tax
payment linked deposit program 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:

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(1) Subtract the amount of disability benefits included in
adjusted gross income, but not to exceed fifty-two hundred
dollars;

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

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

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(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;

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

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(6) For a person who received a reduced rate loan under a
property tax payment linked deposit program for a prior year on

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the basis of being permanently and totally disabled and whose 196
current application for a reduced rate loan is made on the basis 197
of age, subtract the following amount: 198

(a) If the person received disability benefits that were not 199
included in adjusted gross income in the year preceding the first 200
year in which the person applied for a reduced rate loan on the 201
basis of age, subtract an amount equal to the disability benefits 202
the person received in that preceding year, to the extent included 203
in total income in the current year and not subtracted under 204
division (L)(1) of this section in the current year; 205

(b) If the person received disability benefits that were 206
included in adjusted gross income in the year preceding the first 207
year in which the person applied for a reduced rate loan on the 208
basis of age, subtract an amount equal to the amount of disability 209
benefits that were subtracted pursuant to division (L)(1) of this 210
section in that preceding year, to the extent included in total 211
income in the current year and not subtracted under division 212
(L)(1) of this section in the current year. 213

Disability benefits that are paid by the department of 214
veterans affairs or a branch of the armed forces of the United 215
States on account of an injury or disability shall not be included 216
in total income. 217

Sec. 135.805. (A) The general assembly finds that many low to 218
moderate income senior citizens and permanently and totally 219
disabled citizens face financial hardship and find it difficult to 220
timely pay property taxes on their homesteads which can lead to 221
delinquencies, penalties, declines in tax receipts, foreclosures, 222
a loss of stable and affordable housing, a loss of neighborhoods 223
and communities, and a decline in property values. Accordingly, it 224
is declared to be the public policy of the state through property 225
tax payment linked deposit programs established by counties to 226

provide a source of low-cost funds for lending purposes to assist 227
these citizens in timely paying property taxes on their 228
homesteads. 229

(B) The board of county commissioners, by resolution, may 230
establish for the benefit of persons sixty-five years of age or 231
older, or persons who are permanently and totally disabled, or 232
both groups of persons, a property tax payment linked deposit 233
program. The program shall authorize the investing authority of 234
the county, in accordance with division (A)(2) of section 135.353 235
of the Revised Code, to place certificates of deposit at up to 236
three per cent below market rates with an eligible lending 237
institution, provided that the eligible lending institution agrees 238
to lend the value of such deposit to eligible borrowers at up to 239
three per cent below the present borrowing rate applicable to each 240
eligible borrower. The resolution shall include requirements, 241
parameters, limitations, and other provisions that are consistent 242
with sections 135.804 to 135.807 of the Revised Code and are 243
necessary to establish and carry out the property tax payment 244
linked deposit program, including, but not limited to, all of the 245
following: 246

(1) Eligibility requirements for borrowers who may receive 247
reduced rate loans under the property tax payment linked deposit 248
program, including both of the following: 249

(a) A total income limit for a borrower to be eligible for 250
such a loan; 251

(b) An indebtedness limit that a borrower may not exceed to 252
be eligible for such a loan, under which the sum of all recorded 253
liens on the homestead plus the amount of the reduced rate loan 254
cannot exceed eighty per cent of the homestead's true value as 255
most recently determined by the county auditor. 256

(2) Application procedures for eligible borrowers and 257
eligible lending institutions wishing to participate in the 258
property tax payment linked deposit program; 259

(3) Review procedures for applications and criteria for 260
acceptance or rejection of applications for reduced rate loans 261
under the property tax payment linked deposit program; 262

(4) Necessary agreements between the eligible lending 263
institution and the investing authority of the county to carry out 264
the purposes of the property tax payment linked deposit program, 265
including procedures for the payment directly to the county 266
treasurer by the eligible lending institution of the property 267
taxes due on the homestead and delivery by the county treasurer to 268
the eligible lending institution of the lien certificate as 269
provided in section 135.807 of the Revised Code; 270

(5) Annual reports regarding the operation of the property 271
tax payment linked deposit program to be made by the investing 272
authority to the board of county commissioners. 273

(C) A board of county commissioners may appropriate funds 274
from the general fund of the county or any other lawfully 275
available funds of the county for the purpose of defraying some or 276
all of the closing costs and expenses of reduced rate loans made 277
by eligible lending institutions to eligible borrowers pursuant to 278
the property tax payment linked deposit program. 279

(D) The county and its investing authority and board of 280
county commissioners are not liable to any eligible lending 281
institution in any manner for the payment of the principal or 282
interest on any reduced rate loan made under the property tax 283
payment linked deposit program, and any delay in payment or 284
default on the part of any borrower does not in any manner affect 285
the deposit agreement between the eligible lending institution and 286
the investing authority or board of county commissioners. 287

Sec. 135.806. Upon placement of a property tax payment linked 288
deposit with an eligible lending institution pursuant to an 289
agreement described in section 135.805 of the Revised Code, the 290
eligible lending institution shall do both of the following: 291

(A) Lend funds pursuant to the agreement to an eligible 292
borrower; 293

(B) Comply fully with the requirements of sections 135.804 to 294
135.807 of the Revised Code. 295

Sec. 135.807. (A) A property tax payment linked deposit 296
program shall provide for the delivery of a lien certificate to an 297
eligible lending institution making payment to the county 298
treasurer, pursuant to a loan agreement between the eligible 299
lending institution and eligible borrower, of some or all of the 300
taxes then due on the homestead of that eligible borrower. 301

(B)(1) To ensure uniformity among all counties, the tax 302
commissioner shall prescribe the form for a lien certificate 303
delivered pursuant to division (A) of this section, which form 304
shall include the identity of the homestead, the eligible 305
borrower, the eligible lending institution, the amount of taxes 306
paid by that eligible lending institution, and the tax year for 307
which the taxes were paid. The tax commissioner shall distribute 308
the forms to the county treasurers of all counties in which a 309
property tax payment linked deposit program is established. 310

(2) A county treasurer shall use the lien certificate form 311
prescribed by the tax commissioner, except that, prior to the time 312
that a lien certificate form is prescribed and the forms are 313
distributed by the tax commissioner, the form shall be prepared by 314
the county treasurer of the county, contain the information 315
required by division (B)(1) of this section, and include the 316
following sentence: "This lien certificate is delivered pursuant 317

to section 135.807 of the Revised Code and vests in the eligible 318
lending institution the first lien held previously by the state 319
and its taxing districts for the amount of taxes paid by the 320
eligible lending institution, together with any and all unpaid 321
interest thereon." 322

(C)(1) The delivery of the lien certificate pursuant to 323
division (A) of this section vests in the eligible lending 324
institution the first lien held previously by the state and its 325
taxing districts for the amount of the taxes paid by the eligible 326
lending institution, together with any unpaid interest thereon 327
from the date of delivery at the interest rate specified in the 328
loan agreement between the eligible lending institution and the 329
eligible borrower. The lien is superior to any subsequent tax 330
liens. 331

(2) Subject to division (C)(3) of this section, the lien 332
certificate delivered pursuant to division (A) of this section is 333
superior to all other liens and encumbrances upon the homestead 334
described in that lien certificate, and the lien continues in full 335
force and effect until the amount of all taxes paid by the 336
eligible lending institution, together with any unpaid interest 337
thereon, has been repaid to the eligible lending institution. 338

(3) With respect to the priority as among first liens of the 339
state and its taxing districts, the priority is determined by the 340
date that the first liens of the state and its taxing districts 341
attached pursuant to section 323.11 of the Revised Code, with 342
first priority to the earliest attached lien and each immediately 343
subsequent priority based upon the next earliest attached lien. 344

(D) The eligible lending institution may record the lien 345
certificate or memorandum thereof as a mortgage on the land in the 346
office of the county recorder of the county in which the homestead 347
is situated. The county recorder shall record the certificate in 348

the record of mortgages provided in division (B) of section 317.08 349
of the Revised Code and shall index the certificate in the indexes 350
provided for under section 317.18 of the Revised Code. If the lien 351
subsequently is canceled, the cancellation also shall be recorded 352
by the county recorder. When a loan is repaid in full, the 353
eligible financial institution shall promptly record the full 354
payment and cancel or otherwise release the lien. On repayment of 355
the loan in full, the lien certificate shall be null and void. 356

Section 2. That existing section 135.353 of the Revised Code 357
is hereby repealed. 358