As Reported by the Senate Finance Committee

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Am. Sub. H. B. No. 311

Representatives Boose, Retherford

Cosponsors: Representatives Winburn, Adams, R., Amstutz, Anielski, Antonio, Barborak, Beck, Blair, Blessing, Brenner, Brown, Buchy, Budish, Burkley, Butler, Carney, Celebrezze, Cera, Derickson, DeVitis, Green, Grossman, Hackett, Hall, Hayes, Milkovich, O'Brien, Phillips, Rogers, Ruhl, Schuring, Sears, Sheehy, Sprague, Thompson, Young Speaker Batchelder

A B I L L

To amend sections 323.152 and 4503.065 of the Revised Code and Section 803.80 of Am. Sub. H.B. 59 of the 130th General Assembly to clarify the effective date of an income tax deduction, to extend the availability of a corporation franchise tax credit, to clarify that a person eligible for the homestead exemption without income limits continues to receive that exemption if the person's homestead changes, and to declare an emergency.

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

Section 1. That sections 323.152 and 4503.065 of the Revised Code be amended to read as follows:

Sec. 323.152. In addition to the reduction in taxes required under section 319.302 of the Revised Code, taxes shall be reduced

as provided in divisions (A) and (B) of this section.

(A)(1) Division (A) of this section applies to any of the following persons:

(a) A person who is permanently and totally disabled;

(b) A person who is sixty-five years of age or older;

(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, or a homestead in a housing cooperative occupied, by a person to whom division (A) of this section applies shall be reduced for each year for which an application for the reduction has been approved. The reduction shall equal one of the following amounts, as applicable to the person:

(a) If the person received a reduction under division (A) of this section for tax year 2006, the greater of the reduction for that tax year or the amount computed under division (A)(3) of this section;

(b) If the person received<u>, for any homestead,</u> a reduction under division (A) of this section for tax year 2013 or under section 4503.065 of the Revised Code for tax year 2014 or the person is the surviving spouse of such a person and the surviving spouse is at least fifty-nine years of age on the date the deceased spouse dies, the amount computed under division (A)(3) of this section. For purposes of divisions (A)(2)(b) and (c) of this section, a person receives a reduction under division (A) of this section or under section 4503.065 of the Revised Code for tax year

2013 or 2014, respectively, if the person files a late application for that respective tax year that is approved by the county auditor under section 323.153 or 4503.066 of the Revised Code.

(c) If the person is not described in division (A)(2)(a) or (b) of this section and the person's total income does not exceed thirty thousand dollars, as adjusted under division (A)(4) of this section, the amount computed under division (A)(3) of this section.

(3) The amount of the reduction under division (A)(3) of this section equals the product of the following:

(a) Twenty-five thousand dollars of the true value of the property in money;

(b) The assessment percentage established by the tax commissioner under division (B) of section 5715.01 of the Revised Code, not to exceed thirty-five per cent;

(c) The effective tax rate used to calculate the taxes charged against the property for the current year, where "effective tax rate" is defined as in section 323.08 of the Revised Code;

(d) The quantity equal to one minus the sum of the percentage reductions in taxes received by the property for the current tax year under section 319.302 of the Revised Code and division (B) of section 323.152 of the Revised Code.

(4) Each calendar year, the tax commissioner shall adjust the total income threshold described in division (A)(2)(c) of this section by completing the following calculations in September of each year:

(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

January of the preceding calendar year to the last day of December of the preceding calendar year;

(b) Multiply that percentage increase by the total income threshold for the current tax year;

(c) Add the resulting product to the total income threshold for the current tax year;

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

The commissioner shall certify the amount resulting from the adjustment to each county auditor not later than the first day of December each year. The certified amount applies to the following tax year for persons described in division (A)(2)(c) of this section. The commissioner shall not make the adjustment in any calendar year in which the amount resulting from the adjustment would be less than the total income threshold for the current tax year.

(B) To provide a partial exemption, 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 an application for the reduction has been approved. The amount of the reduction shall equal two and one-half per cent of the amount of taxes to be levied by qualifying levies on the homestead or the manufactured or mobile home after applying section 319.301 of the Revised Code. For the purposes of this division, "qualifying levy" has the same meaning as in 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 323.159 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 (D) or (E) of section 323.153 of the Revised Code for a period of three years following the conviction.

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

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

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

(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) 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 an application for such reduction has been approved, 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. An owner includes a settlor of a revocable or irrevocable inter vivos trust holding the title to a manufactured or mobile home occupied by the settlor as of right under the trust.

(1) For manufactured and mobile homes for which the tax imposed by section 4503.06 of the Revised Code is computed under division (D)(2) of that section, the reduction shall equal one of the following amounts, as applicable to the person:

(a) If the person received a reduction under this section for tax year 2007, the greater of the reduction for that tax year or the amount computed under division (B)(2) of this section;

(b) If the person received<u>, for any homestead,</u> a reduction under this section for tax year 2014 or under division (A) of section 323.152 of the Revised Code for tax year 2013 or the person is the surviving spouse of such a person and the surviving spouse is at least fifty-nine years of age on the date the deceased spouse dies, the amount computed under division (B)(2) of this section. For purposes of divisions (B)(1)(b) and (c) of this section, a person receives a reduction under this section or division (A) of section 323.152 of the Revised Code for tax year 2014 or 2013, respectively, if the person files a late application

for that respective tax year that is approved by the county auditor under section 4503.066 or 323.153 of the Revised Code.

(c) If the person is not described in division (B)(1)(a) or (b) of this section and the person's total income does not exceed thirty thousand dollars, as adjusted under division (B)(5) of this section, the amount computed under division (B)(2) of this section.

(2) The amount of the reduction under division (B)(2) of this section equals the product of the following:

(a) Twenty-five thousand dollars of the true value of the property in money;

(b) The assessment percentage established by the tax commissioner under division (B) of section 5715.01 of the Revised Code, not to exceed thirty-five per cent;

(c) The effective tax rate used to calculate the taxes charged against the property for the current year, where "effective tax rate" is defined as in section 323.08 of the Revised Code;

(d) The quantity equal to one minus the sum of the percentage reductions in taxes received by the property for the current tax year under section 319.302 of the Revised Code and division (B) of section 323.152 of the Revised Code.

(3) For manufactured and mobile homes for which the tax imposed by section 4503.06 of the Revised Code is computed under division (D)(1) of that section, the reduction shall equal one of the following amounts, as applicable to the person:

(a) If the person received a reduction under this section for tax year 2007, the greater of the reduction for that tax year or the amount computed under division (B)(4) of this section;

(b) If the person received<u>, for any homestead,</u> a reduction

under this section for tax year 2014 or under division (A) of section 323.152 of the Revised Code for tax year 2013 or the person is the surviving spouse of such a person and the surviving spouse is at least fifty-nine years of age on the date the deceased spouse dies, the amount computed under division (B)(4) of this section. For purposes of divisions (B)(3)(b) and (c) of this section, a person receives a reduction under this section or under division (A) of section 323.152 of the Revised Code for tax year 2014 or 2013, respectively, if the person files a late application for a refund of overpayments for that respective tax year that is approved by the county auditor under section 4503.066 of the Revised Code.

(c) If the person is not described in division (B)(3)(a) or (b) of this section and the person's total income does not exceed thirty thousand dollars, as adjusted under division (B)(5) of this section, the amount computed under division (B)(4) of this section.

(4) The amount of the reduction under division (B)(4) of this section equals the product of the following:

(a) Twenty-five thousand dollars of the cost to the owner, or the market value at the time of purchase, whichever is greater, as those terms are used in division (D)(1) of section 4503.06 of the Revised Code;

(b) The percentage from the appropriate schedule in division (D)(1)(b) of section 4503.06 of the Revised Code;

(c) The assessment percentage of forty per cent used in division (D)(1)(b) of section 4503.06 of the Revised Code;

(d) The tax rate of the taxing district in which the home has its situs.

(5) Each calendar year, the tax commissioner shall adjust the income threshold described in divisions (B)(1)(c) and (B)(3)(c) of

this section by completing the following calculations in September of each year:

(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 January of the preceding calendar year to the last day of December of the preceding calendar year;

(b) Multiply that percentage increase by the total income threshold for the ensuing tax year;

(c) Add the resulting product to the total income threshold for the ensuing tax year;

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

The commissioner shall certify the amount resulting from the adjustment to each county auditor not later than the first day of December each year. The certified amount applies to the second ensuing tax year. The commissioner shall not make the adjustment in any calendar year in which the amount resulting from the adjustment would be less than the total income threshold 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 to which the owner or spouse is entitled under this section shall not exceed the difference between the reduction to which the owner or spouse is entitled under division (B) of this section and the amount of the reduction under the homestead exemption.

(D) No reduction shall be made with respect to 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 323.152 and 4503.065 of the Revised Code are hereby repealed.

Section 3. That Section 803.80 of Am. Sub. H.B. 59 of the 130th General Assembly be amended to read as follows:

Sec. 803.80. (A) The amendment by ~~this act~~ Am. Sub. H.B. 59 of the 130th General Assembly of ~~divisions (A)(26) and (GG) of section 5747.01,~~ section 5747.022 by adding the last sentence thereto~~,~~ and of division (A) of section 5747.025 of the Revised Code applies to taxable years beginning on or after January 1, 2014.

(B) The amendment by ~~this act~~ Am. Sub. H.B. 59 of the 130th General Assembly of divisions (A)(26), (29), (31), and (GG) of section 5747.01, the first sentence of section 5747.022, division (C) of section 5747.025, and of sections 5747.02, 5747.05, 5747.08, 5747.21, 5747.22, and 5748.01 and the repeal of section 5747.211 of the Revised Code apply to taxable years beginning on or after January 1, 2013.

Section 4. That existing Section 803.80 of Am. Sub. H.B. 59 of the 130th General Assembly is hereby repealed.

Section 5. (A) As used in this section, "certificate owner" has the same meaning as in section 149.311 of the Revised Code and "tax year" has the same meaning as in section 5733.04 of the Revised Code.

(B) Notwithstanding division (B) of section 5733.01 of the Revised Code, a certificate owner of a rehabilitation tax credit certificate with an effective date on or before December 31, 2013, that authorizes the certificate owner to claim a credit under section 5733.47 of the Revised Code for tax year 2014 or a prior

tax year may claim the credit at any time before October 15, 2014, with the forms and in the method prescribed in Chapter 5733. of the Revised Code as applicable to tax years prior to tax year 2014.

Section 6. Sections 323.152 and 4503.065 of the Revised Code are amended by this act and also by H.B. 72 of the 130th General Assembly (effective January 30, 2014). The amendments of H.B. 72 are included in this act to confirm the intention to retain them, but are not intended to be effective until January 30, 2014.

Section 7. This act is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety. The reason for such necessity is to ensure that a previously enacted tax deduction and credit be available before the close of the current tax period. Therefore, this act shall go into immediate effect.