



Ohio Legislative Service Commission

Bill Analysis

Joseph D. Heller

Sub. S.B. 90

128th General Assembly

(As Reported by S. Ways & Means & Economic Development)

Sens. Kearney and Seitz, Wagoner, Morano, Goodman, Smith, Turner, Schiavoni, D. Miller, Gibbs, Schaffer

BILL SUMMARY

- Authorizes local governments to exempt homes that have been vacant for at least 12 months from property taxation for up to three years when purchased by an owner-occupant.
- Requires school districts to be fully compensated for the forgone revenue and county developmental disability levies to be partly compensated.
- Authorizes the remission of previously unpaid taxes on such homes.

CONTENT AND OPERATION

Vacant home real property tax exemption

(R.C. 5709.89)

The bill authorizes townships and municipal corporations to exempt vacant homes from property taxation upon their purchase by persons who will occupy them, unless the board of county commissioners of any county in which the township or municipal corporation is located objects to the exemption within 30 days after receiving notice of the township's or municipal corporation's intent to create such an exemption. The notice of intent must be delivered to the county at least 45 days before the exemption ordinance or resolution is adopted. If a board of county commissioners objects to the exemption, it must do so by adopting a resolution that it certifies to the township or municipal corporation. The board may enter a compensation agreement with the township or municipal corporation under which the county's compensation cannot exceed the taxes it would have otherwise received if not for the exemption. The

exemption ordinance or resolution may not be adopted until the compensation is agreed to.

Under the bill, school districts do not lose revenue due to the property tax exemption, and any county developmental disabilities levy is partly shielded from the revenue effect of the exemption. The purchaser of the home is required to make service payments in lieu of taxes equal to all school district property taxes plus 25% of taxes levied for community developmental disabilities programs and services for each year the property is exempt. The payments in lieu of taxes are charged, collected, and distributed in the same manner as the taxes that would have been charged and payable against the property.

To be considered "vacant," a home must have been unoccupied for at least the 12 months preceding the sale. The exemption applies only to single-family homes or condominiums, and it is limited to no more than one acre of land surrounding the home. A home must be purchased on or after the effective date of the resolution or ordinance granting exemption, for not more than \$150,000, and by an individual domiciled in Ohio who occupies the home as the purchaser's principal residence within 60 days after taking possession. For the purpose of the exemption, "purchase" includes a purchase under a land installment contract (a contract whereby the purchase price is paid in installments and title is retained by the seller as security and, typically, the purchaser has a right of tenancy during the term of the contract).

Application; term

To claim an exemption under the bill, an owner must apply as is required for any other property tax exemption. The exemption begins in the tax year in which the deed is transferred (or the land installment contract is recorded), and terminates at the earlier of three years or the end of the tax year the individual no longer owns or occupies the home as a principal residence.

Remission of unpaid taxes; administration

A board of township trustees or legislative authority of a municipal corporation that authorizes the exemption must request the Tax Commissioner to remit real property taxes charged against properties entitled to exemption, and must certify a copy of the resolution granting the exemption to the county auditor. The Tax Commissioner is required to remit any previously unpaid or delinquent taxes, and any penalties and interest.

HISTORY

ACTION

DATE

Introduced

04-02-09

Reported, S. Ways & Means & Economic Development

01-27-10

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