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S.B. 43
135th General Assembly

Bill Analysis

Version: As Reported by Senate Ways & Means

Primary Sponsor: Sen. Brenner

Mackenzie Damon, Attorney

SUMMARY

- Extends the homestead exemption for the surviving spouse of a disabled veteran to spouses of a disabled veteran who dies before receiving a qualifying disability rating.

DETAILED ANALYSIS

Homestead exemption for disabled veteran surviving spouse

Continuing law authorizes an enhanced homestead exemption for disabled veterans and their surviving spouses. The bill expands the situations in which a surviving spouse may qualify for this exemption.

Under continuing law, certain individuals are eligible to claim a property tax credit for their residence, or "homestead." Generally, this "homestead exemption" equals the taxes that would be charged on up to $25,000 of the fair market value of a home owned by a homeowner who is 65 years of age or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption. The credit essentially exempts $25,000 of the value of a homestead from property taxes.

A special enhanced exemption of $50,000 is available for the homesteads of military veterans who are, pursuant to a rating given by the United States Department of Veterans Affairs, totally disabled. If the disabled veteran dies, the veteran's surviving spouse may continue to claim this exemption until the spouse dies or remarries.

Under current law, a surviving spouse may only claim the exemption if the disabled veteran received a total disability rating and qualified for exemption before the veteran's death. The bill allows a surviving spouse to claim the exemption if the veteran dies *before* receiving a total disability rating. In such a case, the surviving spouse may claim the enhanced exemption beginning for the first full tax year following receipt of the total disability rating.[1] So, for example, if a deceased veteran receives a total disability rating on July 14, 2023, the exemption would first apply for tax year 2024. Similar to surviving spouses eligible for the current enhanced exemption, the spouse continues to receive the exemption until the spouse dies or remarries.

As with the existing homestead exemptions, the state will reimburse local governments for any revenue loss arising from the expanded exemption.[2]

The bill applies to tax years beginning on or after the bill's 90-day effective date, in the case of real property, and to tax years ending on or after that date, in the case of homes subject to the manufactured home tax. The difference in application is accounted for by the fact that manufactured home tax is payable on a current year basis, whereas property tax is payable in arrears.[3]

HISTORY

Action	Date
Introduced	01-31-23
Reported, S. Ways & Means	03-07-23

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[1] R.C. 323.151, 323.152, 323.153, 4503.064, 4503.065, and 4503.066.

[2] R.C. 323.156 and 4503.068, not in the bill.

[3] Section 3.