



# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 261  
136<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 261's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Richardson and Lorenz

**Local Impact Statement Procedure Required:** No

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### Highlights

| Fund                              | FY 2027                  | FY 2028                   | Future Years       |
|-----------------------------------|--------------------------|---------------------------|--------------------|
| <b>State General Revenue Fund</b> |                          |                           |                    |
| Expenditures                      | Increase of \$96 million | Increase of \$190 million | Increasing amounts |

Note: The fiscal year for the state, school districts, and certain other local governments runs from July 1 through June 30 and is designated by the calendar year in which it ends. For other local governments, the fiscal year is identical to the calendar year.

- Homestead exemption changes in the bill would reduce property tax revenues to local governments and school districts by an estimated \$193 million for tax year (TY) 2026, and \$188 million for TY 2027.
- The state GRF would reimburse these losses, with reimbursement payments increasing by \$96 million in FY 2027 and \$190 million in FY 2028 due to property taxes being paid in arrears and the semiannual reimbursement structure. The associated payments would increase expenditures from GRF line item 200903, Property Tax Reimbursement – Education, and GRF line item 110908, Property Tax Reimbursement – Local Government.

### Detailed Analysis

The bill increases the homestead exemption amount for elderly homeowners or homeowners with a permanent and total disability as well as their qualifying surviving spouses. The increased exemption amount is indexed to inflation like all other homestead exemption amounts and thresholds under continuing law. The bill applies to taxable years ending on or after the effective date of the bill, which LBO assumes to be tax year (TY) 2026 and years thereafter.

Specifically, the bill increases the exempted market value of a qualifying property from \$29,700<sup>1</sup> to \$50,000 for TY 2026 and indexes that amount for inflation. This exemption applies to homeowners who are totally and permanently disabled, 65 years of age or older, or surviving spouses of such persons that are age 59 or older on the date the deceased spouse dies.

These provisions would apply starting with TY 2026 for real property taxes, and TY 2027 for manufactured home taxes, both generally due in calendar year 2027. An enhanced exemption for totally disabled veterans, their surviving spouses, and the surviving spouses of public service officers killed in the line of duty is unchanged by the bill.

The bill increases the tax-exempted value, raising the exemption amount for all eligible homeowners. It is projected to reduce property tax revenues to local governments by an estimated \$193 million in TY 2026 and \$188 million in TY 2027. The decrease in revenue loss from the first to the second year reflects a continuing long-term decline in the number of homeowners eligible for the exemption. Under continuing law, the state GRF would reimburse these local revenue losses.

The bill would increase expenditures from GRF line item 200903, Property Tax Reimbursement – Education, and GRF line item 110908, Property Tax Reimbursement – Local Government. Because property tax payments and the associated GRF reimbursements are paid in arrears, half of the first-year increase in the exemption would be reimbursed in FY 2027, and half in FY 2028. As a result, GRF reimbursements are estimated to increase by \$96 million in FY 2027 and by \$190 million in FY 2028. The cost of the bill to the GRF is expected to decrease in subsequent years, though the pace of that decline will depend on the rate of inflation and demographic trends among Ohio's senior citizen population.

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<sup>1</sup> The exempted market value amount is estimated using the gross domestic product (GDP) deflator published by the U.S. Bureau of Economic Analysis (BEA), pursuant to R.C. 323.152.