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Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Craig and Reynolds

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SUMMARY

- Establishes a property tax deferral program under which homeowners can apply to defer a portion of their property taxes.
- Limits the program to homeowners who own and occupy their home and who either are permanently and totally disabled or have an annual income that does not exceed 250% of the federal poverty level.
- Specifies that the amount of taxes eligible for deferral each year is the portion that exceeds 1%, 3%, or 5% of the homeowner's income, depending on income tier.
- Requires the repayment of deferred taxes upon the sale of the property, the homeowner's income exceeding a certain threshold, or the homeowner's death, unless the home is transferred to a qualifying spouse or heir.
- Establishes a revolving fund, through which the state will reimburse local governments for deferred taxes, and into which counties will deposit deferred taxes when paid.
- Requires the Department of Taxation to create an automated system for county auditors to verify homeowners' total income for eligibility purposes.
- Does not impose interest on deferred taxes.

DETAILED ANALYSIS

Property tax deferral program

The bill authorizes a program that would allow eligible homeowners to defer the payment of a portion of their property taxes. The program is available to individuals who own and occupy

an eligible home and who have either a permanent and total disability or an income that does not exceed 250% of the federal poverty level (FPL).¹

Eligibility

Under the bill, property tax deferral is available for homes, including manufactured and mobile homes, that are owned and occupied by the homeowner (commonly referred to as “homesteads”). To qualify, the homestead may not be subject to a life estate, federal tax lien, or reverse mortgage lien, and the total amount of other liens on the home cannot exceed 75% of the home’s market value.

The homeowner must be either permanently or totally disabled or have an income that does not exceed 250% of FPL. For 2025, this threshold is \$52,875 for a family of two, or \$80,375 for a family of four.² The homeowner must also have continuously owned and occupied the homestead for at least one full year immediately preceding the first day of the tax year for which deferral is sought and cannot owe delinquent taxes with respect to the homestead, unless those taxes are the subject of a valid delinquent tax repayment contract with the county treasurer.³

Application

To participate in the program, a homeowner must apply to the county auditor by December 31 of the tax year a deferral is initially sought. The county auditor has 30 days to approve or deny the application. If a homeowner believes that an application has been erroneously denied, the homeowner can appeal that decision to the county board of revision, which consists of the county auditor and county treasurer and a county commissioner.⁴

Taxes deferred

The amount of taxes eligible for deferral depends on the homeowner’s state modified adjusted gross income (MAGI), relative to the FPL. A taxpayer’s MAGI disregards the business income deduction and a capital gains deduction and is referred to in the bill as “total income.” For each FPL tier, a homeowner is eligible to defer any amount of taxes that exceed a certain percentage of the homeowner’s total income, as follows:

¹ R.C. 323.21 and 323.22, with conforming changes in R.C. 319.302, 323.155, 323.158, 4503.0610, and 5323.02.

² [2025 Federal Poverty Guidelines for the 48 Contiguous States](#), available by conducting a keyword “federal poverty guidelines” search on the U.S. Department of Health and Human Services’ website, www.hhs.gov.

³ R.C. 323.21(A).

⁴ R.C. 323.21(B); Section 3.

Amount eligible for deferral	
Total income	Percentage of income
Equal to or less than FPL	1%
Exceeds FPL but does not exceed 160% of FPL	3%
Exceeds 160% of FPL but does not exceed 250% of FPL	5%

For example, a single homeowner with an income of \$22,000 would be at around 140% of FPL. That homeowner would be eligible to defer any amount that exceeds 3% of their total income, or \$660 ($\$22,000 \times 3\%$). If the homeowner's tax liability for that year was \$1,000, the homeowner could defer \$340.

Interest is not charged on deferred taxes.⁵

Notice and voluntary payments

Each year, homeowners will receive a continuing application to report any changes that would cause ineligibility, including changes in ownership, occupancy, and total income. A notice must be included with the continuing application detailing the amount deferred that year and the total amount deferred. The notice must also inform homeowners that the county will accept voluntary payments, which do not affect the status of any remaining deferred taxes.

The continuing application must be returned by December 31. If there are no changes affecting eligibility, the continuing application does not need to be returned.⁶

Income verification system

The bill requires the Department of Taxation to establish an automated system whereby county auditors can verify a homeowner's income for the purposes of the deferral program.⁷

Events requiring repayment

Deferred taxes become due if any of the following events occur:

- The sale of the home, unless transferred to a trust or other arrangement that allows the homeowner to continue occupying the home;
- The homeowner's death, unless the home is transferred to an eligible surviving spouse or heir and a new application is submitted within six months of the homeowner's death;

⁵ R.C. 323.21(C)(2).

⁶ R.C. 323.21(D) and (F).

⁷ R.C. 323.21(D)(2).

- The homeowner owns but no longer occupies the home, unless for medical reasons;
- The homeowner's income exceeds 250% of FPL.

Generally, the deferred taxes are collected in the same manner as current taxes. However, the bill allows homeowners to enter into a payment agreement with the county auditor to repay deferred taxes. The term of the payment plan depends on the length of time for which the taxes were deferred.⁸

When a property is conveyed, the bill requires the conveyance form filed with the county auditor to include an affirmation either that the property does not have deferred taxes or, if it does, that the grantee and grantor have considered the deferred taxes to both parties satisfaction.⁹

Revolving fund

The bill establishes a revolving fund, through which the state will reimburse local governments for any deferred taxes, and into which counties will deposit deferred amounts when they are repaid. Twice per year, counties must certify to the Tax Commissioner the total amount deferred since the last certification. The Commissioner provides for payment to the county from the revolving fund, and the county auditor distributes those payments to each local government as though they had been collected as taxes. When a homeowner repays any deferred taxes, the county remits those amounts to the state's revolving fund.

The bill does not appropriate money to the revolving fund but does require the Director of Budget and Management to transfer money to the fund from the GRF as necessary to make the required payments to local governments.¹⁰

HISTORY

Action	Date
Introduced	09-30-25

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⁸ R.C. 323.21(E), (F), and (G).

⁹ R.C. 319.202.

¹⁰ R.C. 323.22.