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H.B. 66

134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Hoops

Michael Hinel, Attorney

SUMMARY

- Requires the Tax Commissioner's biennial report on state tax expenditures to include information on property tax exemptions.
- Requires the Tax Expenditure Review Committee to periodically review each property tax exemption.

DETAILED ANALYSIS

Property tax exemption reporting

The bill expands the scope of an existing report – the Tax Expenditure Report – and an existing committee – the Tax Expenditure Review Committee – to include the evaluation of property tax exemptions.

Under current law, both the Report and Committee deal with "tax expenditures," which are tax exemptions, credits, deductions, or other provisions that reduce the revenue that would otherwise be collected from a tax levied by the state. Since property taxes are levied by local governments – not the state – they are currently not considered "tax expenditures" for the purposes of either the Report or the Committee.

The bill defines a property tax exemption as any provision that either exempts, or authorizes a local government to exempt, all or part of the value of otherwise taxable real property from property tax, but includes only those exemptions reported on forms prescribed by the Tax Commissioner. Some examples of such exemptions include the homestead exemption; a 10% tax rollback for nonbusiness property; exemptions for schools, nature preserves, and property used for charitable purposes; and partial tax increment financing exemptions, community reinvestment area exemptions, and enterprise zone exemptions.

Tax Expenditure Report

Continuing law requires the Tax Commissioner to produce a report on tax expenditures that is submitted with the Governor's biennial budget. This Tax Expenditure Report must include a description of each tax expenditure, as well as a detailed estimate of the loss to the General Revenue Fund (GRF) for the current and previous biennium resulting from the tax expenditure.

The bill requires this report to also include a description of each property tax exemption authorized in the Revised Code, classified by the Commissioner into one of the following exemption categories: (1) charitable and public worship, (2) public and educational, (3) local economic development, or (4) other exemptions. The report must also include the aggregate true (market) value of property exempted in the state during the preceding year as a result of the exemption, and the amount of revenue paid from the GRF to reimburse subdivisions in relation to the exemption. (Currently, the state reimburses local governments for the revenue lost due to the homestead exemption and for certain taxes subject to the 2.5% and 10% rollbacks, resulting in a debit to the GRF.)[1]

Tax Expenditure Review Committee

Continuing law also provides for a permanent joint legislative committee, consisting of six legislators and the Tax Commissioner, that is required to periodically review all existing tax expenditures. This Tax Expenditure Review Committee was created in 2017, and is required to complete a biennial report that includes recommendations to the General Assembly as to the continuation, modification, or repeal of the state's tax expenditures.

The bill requires that the Committee also review each kind of existing property tax exemption. As with existing tax expenditures, the Committee would need to review each kind of exemption at least once every eight years. The Committee may require county auditors and treasurers to supply any information necessary for its review.

In addition, under continuing law, each bill that proposes to enact or modify a tax expenditure should include a statement of the sponsor's intent. The bill applies this provision to any bill proposing to enact or modify a property tax exemption as well.[2]

HISTORY

Action	Date
Introduced	02-03-21

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[1] R.C. 107.03 and 5703.48.

[2] R.C. 5703.95.