Ohio Legislative Service Commission

Bill Analysis

Joe McDaniels

H.B. 418

131st General Assembly
(As Introduced)

Rep. Barnes

BILL SUMMARY

- Prohibits the sale of delinquent real estate tax certificates for homesteads owned and occupied for at least 20 years by a person aged 65 or older.

CONTENT AND OPERATION

Tax certificate sales on senior-owned homesteads

The bill, entitled the "Senior Housing Relief Act," prohibits county treasurers from selling delinquent real estate tax "certificates" for parcels owned and occupied as a homestead for the preceding 20 years by a person aged 65 or older. Continuing law authorizes tax certificate sales with respect to most delinquent real estate. The sales enable taxing authorities to recover unpaid taxes before the ordinary tax foreclosure proceedings are concluded.

A tax certificate represents a legal claim on delinquent taxes owed on real estate. The lien for the taxes is essentially transferred to a private person, who then may initiate foreclosure proceedings or request the county treasurer to initiate proceedings on the certificate owner's behalf. The certificates bear interest at a rate of up to 18% per year. The interest rate is set by either bid (for auctioned certificates, with the lowest rate bid the winner) or by negotiation (for private sales). The interest accrues until the certificate is redeemed, either by the holder initiating foreclosure or the delinquent taxes being paid.

Under continuing law, a county treasurer may select nearly any parcel on the county's delinquent land list for a tax certificate sale. However, the treasurer may not select parcels that have been redeemed after being placed on the delinquent list, that are subject to a delinquent tax payment contract, or that are included in a bankruptcy proceeding filed by the property owner. The bill adds an additional restriction; prohibiting the treasurer from selecting property owned and occupied as a homestead for the preceding 20 years by a person aged 65 or older.[1]

Continuing law defines "homestead" as a dwelling, including a manufactured home or mobile home taxed as real property, that is owned and occupied as a home by an individual who resides in Ohio. The homestead includes as much of the land surrounding the dwelling, up to one acre, as is reasonably necessary for the dwelling to be used as a home. The homestead does not include a dwelling acquired from a relative, other than a spouse, for the purpose of qualifying for the exclusion.[2]

HISTORY

ACTION	DATE
Introduced	12-17-15

H0418-I-131.docx/ks

[1] R.C. 5721.31.

[2] R.C. 323.151, not in the bill.