



HOUSE BILL 187
INTERESTED PARTY TESTIMONY
December 5, 2023

Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the committee, I am Auditor Michael Stinziano and I thank you for the opportunity to provide this written testimony on H.B. 187 and the major amendment anticipated for this bill. The proposed amendment shifting the focus of tax relief to changes to the homestead exemption as opposed to artificially interfering with property values is a welcome new direction.

We welcome increases in the homestead exemption amount and the eligibility threshold. Unfortunately, the benefit levels set and the lack of full state commitment to fund this program do not meet the need of our older adult homeowners particularly after the historic property value increases seen in Franklin County and across the state.

The bill as passed by the house failed to address the real issue: the property tax burden that shifts as values change to burden those who are house rich and cash poor. The H.B. 920 equalization process would still work on the artificially changed values such that voted levies collect the amounts they are authorized to collect. The major shift in how property is appraised would only moderately change taxation. The taxation change would also not be the same for all taxpayers—some will pay less, others will pay more, and some will see almost no change. We thank the committee and the bill sponsors for adopting this amendment which avoids these negative repercussions.

With the Senate amendment the bill provides modest but welcome increases in the homestead exemption.

Increasing amount and eligibility for the homestead exemption provides direct tax relief to some of those most impacted—older adults especially those at lower income levels. This is a population that is often on a fixed income and in many cases has owned their home for many years so property taxes resulting from value increases is a major part of the tax burden.

The proposal in the expected amendment to H.B. 187 provides modest additional relief to those currently receiving the homestead exemption and a smaller but meaningful benefit to those at higher income levels. The cash value of the benefit is limited by how H.B. 920 requires tax rates to decrease as property value increase.



FRANKLIN COUNTY AUDITOR MICHAEL STINZIANO

373 South High Street | 21st Floor | Columbus, Ohio 43215

T (614) 525.HOME | C (614) 219.9224 | auditorstinziano@franklincountyohio.gov | franklincountyauditor.com

PRINTED IN HOUSE

In Franklin County’s largest taxing district, 010, we anticipate that the newly proposed homestead benefit will provide the following relief amounts:

Projected Homestead Exemption Savings Current law versus Proposed Franklin County Taxing District 010 (largest)			
Tax Year/Status	Value of Exemption	Effective Tax Rate (projected)	Homestead Savings
Ty22	\$25,000	58.26	\$510
TY23 (current law)	\$26,200	48.46	\$444
TY23 proposed for current recipients	\$30,000	48.46	\$508 (\$64 in additional benefit)
TY23 income from \$36,100 to \$49,000	\$22,500	48.46	\$382
TY23 income above \$49,000 to \$62,000	\$15,000	48.46	\$254
TY23 income above \$62,000 to \$75,000	\$7500	48.46	\$127

The three-year sunset and the very small new benefit for existing recipients limits how impactful this change will be. For those on a fixed income every bit of relief is meaningful and, should it become law this month, my office stands ready to incorporate this change into January 2024 tax bills for existing and enroll the newly eligible homeowners as efficiently as possible.

Substantial action on the Homestead Exemption and other tax relief is still needed.

The number of older adults in Franklin County is growing and so are their housing costs. Between 2010 and 2040, the number of older adults 65 and older living in Franklin County is projected to double, bringing the percentage of Franklin County residents who are 65 and older up to 15%.¹ The Joint Center for Housing Studies found that the housing burden for older residents had reached an all-time high in 2017, labeling 24% of homeowners aged 65 and above in the Columbus Metropolitan Statistical Area as housing cost burdened.² This is despite a median income in this population of \$50,000 per year.³ Additionally, forty-percent of older adults are paying a mortgage into retirement.⁴

The trends mentioned above emphasize the need for an accessible homestead exemption, but the current eligibility structure means fewer older adults are eligible every year. In the last four years alone the number of people receiving the homestead exemption in Franklin County decreased by about 20%, largely because those who do not meet the current low-income threshold are leaving the program and very few new households qualify. Of the households that currently qualify in Franklin County, less than 20% of them meet the income threshold-ten years after its implementation. Further, more than 80% of Franklin County’s homestead recipients were grandfathered in during the 2007-2013 period where no income eligibility requirement was in place.

Unless more significant permanent relief is adopted this trend will return when this legislation sunsets. Increasing the income eligibility threshold would improve access to this exemption and was a

¹ “Older Adults and Property Taxes: Findings and Recommendations in Franklin County” page 3

² <https://www.jchs.harvard.edu/cost-burdens-among-older-adults-are-all-time-high> (the report was released in 2019 and reviewed data from 2012 to 2017) Note: the Columbus, Ohio Metropolitan Statistics Area which is used as the unit for many federal housing and other programs and is generally what “Central Ohio” refers to Delaware, Fairfield, Hocking, Licking, Madison, Morrow, Perry, Pickaway, and Union counties.

³ <https://www.jchs.harvard.edu/cost-burdens-among-older-adults-are-all-time-high>

⁴ “Older Adults and Property Taxes: Findings and Recommendations in Franklin County” page 3

key Age Friendly recommendation.⁵ A \$45,000 income threshold for the state, while continuing future indexing, would be an incredible boon to our older residents. In addition, as values continue to increase right sizing the amount of the exemption for those at the lowest income threshold would need to include increases beyond the \$30,000 contemplated in this amendment.

Full state reimbursement shows a commitment to our lower income older adult homeowners while maintaining stability in local revenue.

This proposal makes a key change in the funding of the homestead exemption reducing state reimbursement of the new benefit to only 50% and reducing revenue generated by school levies to make up the rest. This is not an appropriate commitment from the state to homeowners and exacerbates the heavy reliance on property taxes that already exists within our local and school funding systems.

In lower income and lower property value jurisdictions more people will qualify for the homestead exemption and the percentage of home value it reduces will be a greater percentage than in higher income and higher value areas. The lack of 100% state reimbursement will be felt the most by lower income lower value areas. This is an unfortunate backslide from the increased commitment to school funding made in this year's operating budget. "A frequent criticism of the property tax is that poorer communities with low property tax values cannot supply adequate public services at affordable tax rates. State aid is the only way to address these disparities and ensure that all localities have sufficient resources, especially with regard to public education."⁶

State revenue sharing of critical local government resources continues to be eroded by reductions in the local government fund and the increasing share of levies that no longer qualify for owner occupied or non-business credits. This legislation while providing necessary relief is an unfortunate extension of that trend.

Conclusion

I thank the committee for the improvements made via amendment to H.B. 187 as passed by the house. Low to moderate income older adults are among those most burdened by property taxes and will benefit from this legislation. As you consider this legislation and future efforts at reforming property taxes, I hope you will consider a goal of meeting the actual need of those who due to the market become house rich and cash poor.

⁵ "Older Adults and Property Taxes: Findings and Recommendations in Franklin County"
<https://www.franklincountyauditor.com/AUDR-website/media/Documents/Community%20Relations/In%20the%20News/Auditor-age-friendly-report.pdf> page 5.

Looking at Franklin County specifically the report recommends a \$50,000 income eligibility level.
⁶ Lincoln Institute of Land Policy, "[Property Tax Relief for Homeowners](#)", Langley, Adam H. and Youngman, Joan. November 2021, pg. 57.