

Changes to the Homestead Program

Beginning with tax year 2014, new participants in the homestead exemption program will be subject to a means test. The exemption will only be available to those otherwise eligible taxpayers with household incomes that do not exceed \$30,000, as measured by Ohio adjusted gross income for the preceding year. That amount will be indexed to inflation each fall and is expected to be around \$30,400 for tax year 2014. Existing homestead recipients will continue to receive the credit without being subject to the income test.

It is important to realize that in order to be exempt from the means test, the homeowner **must actually receive- a homestead exemption credit for tax year 2013**. This may be by either original, continuing, or late application, but if an otherwise eligible homeowner who did not participate in the program for 2012 does not file an application by June 2, 2014 to secure the exemption for 2013, he will be subject to the income test for all future years.

Homeowners who received a homestead exemption credit for tax year 2013 will never be subject to the income requirement even if they move to another Ohio residence. In other words, the grandfather status is "portable" and is associated with the individual alone, rather than with the individual and a particular residence.

The department plans to create a web portal to assist county auditors in verifying applicants' OAGI for those applicants who file income tax returns. County auditors will need to independently verify income for applicants who have not filed an Ohio income tax return for the prior year. The revised law gives the county auditor access to tax and other financial records and permits the Tax Commissioner to share tax information with the auditor for the purpose of verifying eligibility for the program.

The same changes were made to the homestead program for the manufactured and mobile home tax, but due to the difference in the collection schedule between real property and that tax, the changes will go into effect for tax year 2015, and owners must have received the exemption for tax year 2014 in order to take advantage of the grandfather provision.