Summary of items Affecting Auditor's Office.

The New State Law Concerning Homestead Exemption Means Testing

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. 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 credit for tax year 2013. This may be by either original, continuing, or late application, but if 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 not 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 Ohio Department of Taxation plans to create web portal to assist county auditors in verifying applicants' Ohio Adjusted Gross Income 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.

Summarizing 10% Rollback

Revised Code Section 319.302 required each county auditor to reduce all real property taxes charged by 10 percent, the 10 percent rollback was applied to all real property that is not intended primarily for use in a business activity. Qualifying property includes property subject to the following uses: farming; leasing property for farming; occupying or holding or leasing property improved with single-family, two-family, or three-family dwellings; or holding vacant land that the county auditor determines will be used for farming or to develop single-family, two-family, or three-family dwellings.

Summarizing 2.5% Reduction

Revised Code Section 323.152(B) requires the county auditor to further reduce the real property tax on owner-occupied property by 2.5 percent.

To receive the tax reduction on your home you must:

1. Own your home as of January 1st of this year.
2. Occupy your home as your principal place of residence as of January 1st of this year

For the purpose of the tax reduction, an Owner means a person whose name is on the Deed of the home, a trustee, grantor or settlor of the deeded trust, a buyer under land contract, a life estate tenant, or a mortgagor. Only one home in this state owned by the same person or his/her spouse is entitled to the 2.5% Reduction.

The 2.5% Reduction does not apply on the following:

1. Rental homes, apartments or manufactured homes
2. Homes occupied by someone other than the owner
3. Homes owned by corporations (profit or non-profit) partnerships, associations or groups
4. A unit within a building where the building is used primarily for retail, commercial or other non-residential purposes.
5. House trailers and manufactured homes, that are not taxed like Real Estate

The New State Law Concerning Property Tax Rollback Limitations 10.0 and 2.5%

Limits the application of the 2.5% and 10% real property tax rollbacks by specifying that the rollbacks may not be applied to reduce the taxes due on new or replacement levies approved at any election held after the budget's 90 day effective date. This means that new and replacement levies placed on the ballot in August will receive the rollback, but any new or replacement levy placed on the ballot in November, 2013 for tax year 2013, 2014 or any subsequent tax year will not be subject to the rollback reductions. Any renewal levy will continue to be subject to the rollback payments from the state.

State Rate Sales & Use Tax Increases

The State portion of the sales and use tax rate will increase by one-quarter percent (.25%) effective September 1, 2013. The state sales and use tax will increase from five and one-half percent (5.5%) to five and three-quarters percent (5.75%). For Lake County the current sales tax rate is six and three-quarters percent (6.75%) thus with the passing of the additional quarter percent increase Lake County's sales tax rate will be seven percent (7.0%). **No** reimbursements to vendors will be for the cost of reprogramming their cash registers due to the rate increase.

The Ohio Department of Taxation has begun the process of notifying taxpayers of the sales tax change. The County is **NOT** responsible for the notification of the sales tax change.