



For immediate release
December 23, 2013

Contact: Zach Schiller, 216.361.9801
policymattersohio.org/homestead-dec2013

Changes to homestead exemption don't focus benefits on those who need it most, report finds

The state budget approved in June limits eligibility for Ohio's homestead exemption, but doesn't do enough to focus the property-tax break on seniors who need it most, according to a report by Policy Matters Ohio.

The exemption provided homeowners 65 and older an average of \$441 in 2010; starting in January those turning 65 will qualify only if their annual income is \$30,000 or less. The change moves in the right direction, but still leaves the homestead exemption out of whack.

"Thousands of rich Ohioans with homes worth hundreds of thousands of dollars will continue to get the exemption, while far less affluent residents just turning 65 won't qualify," said Zach Schiller, report author and Policy Matters research director. "A wiser policy would tailor the benefits more closely to those who need them, while eliminating them for all those who don't, regardless of whether they are getting the exemption now."

According to data from the 2011 U.S. Census American Community Survey, 65 percent of Ohio homeowners age 65 and older have annual income of less than \$50,000. Similarly, more than 60 percent of senior homeowners own property worth less than \$150,000. Close to half of senior homeowners have both income below \$50,000 and property worth less than \$150,000.

The report examines ways the exemption could be better targeted, including borrowing principles from other states and returning to another form of the Ohio program prior to changes in 2007.

"The exemption should be structured to help those paying an especially large share of their income on property tax," Schiller said. Short of that, one practical option would be to make the exemption available to all senior homeowners with income below \$50,000 and property worth less than \$150,000. That would allow nearly half of elderly homeowners to qualify, while focusing the benefits on those who most need them.

###

Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.

www.policymattersohio.org

Key findings

- Ohio's homestead exemption for senior homeowners was recently revised so that those turning 65 must meet an income test to qualify.
- This still leaves many affluent Ohioans who don't need it receiving this tax break, while precluding others based on when they turn 65.
- Nearly half of Ohio senior homeowners have income below \$50,000 and property worth less than \$150,000.
- The exemption should be more closely tied to need for all who receive it.