




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TO: All County Auditors

FROM: Shelley Wilson, Executive Administrator, Tax Equalization Division 

RE: Am. Senate Bill 10 – Expanded Homestead Reduction for Disabled Veterans and Surviving Spouses

DATE: February 26, 2016

Introduction

Am. Senate Bill 10, 131st General Assembly, effective March 23, 2016 has extended the homestead exemption for veterans with total service-connected disabilities and their surviving spouses to include veterans who are receiving compensation at the 100% level due to individual unemployability caused by service-connected disabilities. The bill also added two new requirements for the exemption which apply to new applicants, namely that the veteran must have been discharged or released from active duty and that the discharge or release was under honorable conditions.

Active Duty and Characterization of Discharge

The revised law requires new applicants for tax year 2016 and any late applicants for 2015 to have been discharged or released from active duty under honorable conditions. All members of the armed forces of the United States, including reservists and members of the National Guard, who are deployed to active duty will receive a Department of Defense form called the DD214 upon discharge. Although there are other discharge forms such as the DD256, only the DD214 indicates that the veteran served in active duty.

The DD214 will also list the characterization of the veteran's discharge, which must be under honorable conditions in order to be eligible for the expanded exemption. The most common forms will be the honorable discharge and the general discharge under honorable conditions, but any form of discharge or release that is under honorable conditions is eligible. Beginning with tax year 2016 and for any late applications filed for 2015, veterans will need to provide copies of their DD214's along with documentation of their disability rating or compensation rating from the U.S. Department of Veterans Affairs.

Total Compensation and Individual Unemployability

Previously many veterans were frustrated when they learned they were not eligible for the expanded exemption because their total disability rating was at less than 100% although their compensation rating was at 100%. These veterans will now qualify if they were discharged from active duty under honorable conditions and if their compensation is based on individual unemployability, often referred to as "IU". Veterans eligible under this provision will have received a letter from the U.S. Department of Veterans Affairs stating that their application for the status of individual unemployability has been granted. The veteran should provide a copy of this document along with a copy of the DD214 to establish eligibility under the expanded law.

Application Period

Applications for tax year 2016 and late applications for tax year 2015 must be filed on or before June 6, 2016. DTE Forms 105I and 105E have been modified to reflect the new requirements. The auditor may accept applications prior to the March 23, 2016 effective date of the bill, but cannot take action on those applications until after that date, e.g., granting a late application for 2015 and providing a credit against the second half bill or a refund.

Additional Resources

In order to make sure we correctly understood the terms used by the U.S. Department of Veterans Affairs, we conferred with the Ohio Department of Veterans Services. That agency asked us to encourage auditors to rely on the assistance of County Veterans Service Officers ("CVSOs") to help veterans obtain the documents they need to successfully apply for the exemption.

Transitional Issues

- DTE 105I has been modified to expand the definition of the eligible disabled veteran and to include information about duty status and characterization of discharge.
- The DTE 105E has been modified to address the expansion of the definition of the disabled veteran.
- The DTE 105B has been modified to include a place for the disabled veteran to report changes in disability status or rate of compensation.