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H.B. 277
135th General Assembly

Bill Analysis

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Version: As Reported by House Ways and Means

Primary Sponsors: Reps. Ray and Brent

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SUMMARY

- Authorizes nonrefundable tax credits against the financial institution tax, income tax, and commercial activity tax for property owners that have policies that allow residential tenants to live with companion animals, i.e., cats and licensed dogs.
- Sets the credit at $62.50 per month per dwelling unit where companion animals reside, for a possible total of $750 per year, and limits the total tax credit that may be claimed by a single property owner to $7,500 per calendar year.
- Limits the total amount of credits that may be awarded in a calendar year to $10 million.
- Prohibits property owners that apply for the credit from requiring a nonrefundable fee or additional rent or imposing breed or size restrictions for any dwelling unit that is the basis for a claimed credit.
- Allows property owners to restrict the total number of animals and to prohibit dogs that have been determined to be dangerous or vicious from a dwelling unit that is the basis of a claimed credit.

DETAILED ANALYSIS

Credit for landlords that allow companion animals

The bill authorizes a nonrefundable credit against the financial institution tax, income tax, or commercial activity tax for property owners with residential rental policies that allow tenants to live with companion animals, i.e., cats and licensed dogs. To qualify, a property owner may not, with respect to a unit upon which a credit is claimed or the larger premises of which it is a part, either (1) require a tenant to pay a nonrefundable fee or additional rent for any companion animal, or (2) impose any restrictions on breed or size of a companion animal, except the property owner may prohibit a companion animal that has been adjudicated to be a dangerous or vicious dog and may limit the total number of companion animals allowed in a unit.

The credit equals $62.50 per month for each dwelling unit covered by such a policy and in which a tenant lives with their companion animal, for a potential per-unit total of $750 per year. However, the total credits claimed by a property owner during a calendar year may not exceed $7,500 and the Tax Commissioner may not award more than $10 million in credits in a year.

To receive a credit, the property owner must apply to the Tax Commissioner between January 1 and January 21 for the prior year's tenancies, beginning in 2026. The application must indicate the tax against which the credit is sought and must include an affidavit attesting to the following:

1. The address of each dwelling unit at which the property owner allows tenants to live in with companion animals and the number of months a companion animal resided in each unit;
2. That the owner's policies that govern companion animals at the units comply with the bill's policy requirements; and
3. If the companion animal is a dog, that it is properly licensed with the county auditor.

The Commissioner is required to review applications in the order in which they are received and issue a determination either awarding a tax credit or explaining the reason for denying the application.[1] Knowingly filing a false statement with the Commissioner is punishable as a fifth degree felony under continuing law.[2]

Claiming the credit

If approved, the Commissioner will issue a certificate to the applicant allowing the credit to be claimed against the tax identified in the application. An income tax credit may be claimed against the liability of the taxable year in which it is issued, and, if the applicant is a pass-through entity, the credit may be allocated to its individual owners. In contrast, for the financial institution tax, the credit may be claimed against the prior year's tax liability. For the commercial activity tax, the credit may be claimed in any tax period in the calendar year in which the certificate is issued. In all instances the credit is nonrefundable so it cannot reduce a taxpayer's tax liability below zero or result in a refund. There is no carry-forward available, meaning the entire credit amount must be used in the year it is claimed.[3]

[1] R.C. 5747.86(B), (D), and (E).

[2] R.C. 5747.86(F); R.C. 5747.19 and 5747.99(A), not in the bill.

[3] R.C. 5726.61, 5726.98, 5747.86(C), 5747.98, 5751.56, and 5751.98.

HISTORY

Action	Date
Introduced	09-18-23
Reported, H. Ways & Means	06-10-24

ANHB0277RH-135/ts