



# Four New Ohio Property Tax Laws: What They Mean for Residential and Commercial Owners

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Ohio lawmakers have approved a four-bill package aimed at curbing automatic property tax increases and rebalancing relief toward owner-occupants. House Bills 186, 335, 129, and 309 work together to limit unvoted increases tied to reappraisals, moderate school-tax spikes, and empower county budget commissions to trim levies under defined circumstances. Collectively, they are projected to deliver multi-year relief while altering the mechanics of how school and local government millage behaves as property values rise. Most changes begin to affect the 2026 tax year, with localized impacts varying by county, school district status, and property type. This Client Alert highlights the key aspects of these bills.

## **HB 186: School levy “Inflation Cap Credit” and Rollbacks**

HB 186 introduces an “inflation cap” on how much school-district property tax revenue can grow in districts subject to the 20-mill floor. The credit applies to both “qualifying nonbusiness property” (i.e., residential and agricultural property) and “qualifying business property” (nonresidential). Under the 20-mill floor, a school district’s effective tax rate for operating expense levies cannot fall below 20 mills. Property value increases in districts at the floor trigger higher tax collections from outside millage (i.e., from voter-approved levies), leading to larger-than-expected tax bills for owners. HB 186 limits these increases by capping growth to the rate of inflation and providing an Inflation Cap Credit to taxpayers for any excess, which prevents automatic spikes in tax bills tied to rising property values. Eligible parcels receive a credit for the reappraisal year and the next two years where floor-revenue would otherwise exceed inflation-indexed benchmarks, and tax bills will reflect the line item “Inflation Cap Credit.”

HB 186 also changes how property tax rollback works by gradually increasing the owner-occupied rollback from the current 2.5% to 15.38% by 2029 while phasing out the 10% rollback on non-business residential property.

## **HB 335: Caps on “inside millage”**

While HB 186 targets outside millage, HB 335 targets inside millage. Inside millage is the up to 10 mills in property tax that local governments may collect without voter approval. HB 335 requires county budget commissions to adjust inside millage during each reappraisal or

update to prevent the tax rate from growing faster than inflation. This cap will prevent automatic tax increases when property values rise rapidly, which create a “windfall” for local governments. Post-reappraisal tax bills should be less prone to sharp jumps caused by rising valuations alone.

**HB 129 and HB 309: School floor recalculation and county authority to trim “excess” levies**

HB 129 broadens what counts toward the 20-mill floor by immediately including certain additional levy types, e.g., incremental growth, conversion, and the property-tax component of combined levies, toward the floor. Beginning with the first reappraisal/update starting in tax year 2026, HB 129 also includes existing emergency and substitute levies toward the floor, so long as those levies are renewed as fixed-sum levies. The impact of this bill will pull some school districts off the floor and reduce the incidence of automatic, appraisal-driven tax increases.

HB 309 strengthens the role of county budget commissions by authorizing them to reduce voted levy rates when collections are determined to be “unnecessary” or “excessive,” subject to statutory guardrails and waiting periods after voter approval. For property owners, effects under HB 309 will be county-specific: some commissions may elect to pare back selected levies, tempering overall tax bill growth, while others may leave levy rates unchanged based on local fiscal conditions.

**What Owners Should Know Now**

*Residential owners*

For homeowners and residential investors, expect new protections against sharp tax increases after county reappraisals beginning in 2025–2026 through the Inflation Cap Credit and inside-millage rate reductions. Check your tax bill for a dedicated credit line item and be mindful that certain 2025/2026 credits will post entirely to the second-half bill. If you are in a school district relying on fixed-sum levies or nearing the millage floor, effective rates may shift as the Tax Commissioner annually recalibrates levy rates and as fixed-sum levies are incorporated into the millage floor beginning in 2026; monitor escrow and closing prorations accordingly. Review homestead and related residential tax reduction interactions beginning with 2026 billings, which may change net liabilities for eligible households and certain manufactured homes.

*Commercial owners*

For commercial and industrial property, the Inflation Cap Credit can apply to qualifying business property in reappraisal years where statutory triggers are met, limiting tax growth to inflation benchmarks. Review eligibility in your districts and plan for displayed credits in applicable years. Budget for rate variability from annual fixed-sum levy adjustments certified by September 1, 2026, and for inside-millage reappraisal-year caps and any approved increases certified by December 1, 2026, as these directly affect operating budgets, NNN passthroughs, and underwriting.

If you are buying, selling, or refinancing property in Ohio, these timing rules and credits can materially affect prorations, escrow planning, and year-one operating projections.

If you are considering valuation challenges, be sure to note updated Board of Revision procedures, including owner-notice requirements for legislative authority complaints and annually indexed thresholds for third-party filings.

### **Additional Information**

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