

Ohio Tax Reform Update

AS OF DECEMBER 9, 2025

Executive Summary

Ohio has enacted significant tax reforms through House Bills 129, 186, 309, and 335, impacting various aspects of the state's fiscal policy. These changes aim to streamline tax processes, provide inflation relief, and ensure fiscal responsibility. All of these bills have passed the Ohio House and Ohio Senate and are awaiting Governor Mike DeWine's Signature.

HB 129: Millage Floor Calculations

HB 186: Reduce School District Property Taxes

HB 309: County Budget Commissions

HB 335: Limit Inside Millage Revenue Increases

Bill-by-Bill Highlights

HB 129: Millage Floor Calculations

Updates Ohio's property-tax laws to allow school districts to use fixed-sum operating levies. The bill also includes these fixed-sum levies in a district's millage-floor calculation, ensuring they interact consistently with HB 920 tax-reduction factors beginning in 2026.

The legislation revises the rules for emergency and substitute levies, allowing renewals of existing pre-2026 levies but phasing out new emergency-authority levies after the bill's effective date. It creates standardized ballot language, limits when levy elections may be held, and requires expanded county-auditor certification to improve voter transparency. Additional provisions apply to school districts in declared disaster areas.

HB 186: Reduce School District Property Taxes

Creates a new "Inflation Cap Credit" to limit the growth of school district property taxes during county reappraisal years. When rising property values would otherwise increase taxes above an inflation-adjusted threshold, qualifying residential, agricultural, and business properties receive an automatic tax credit that reduces the school tax increase.

The bill also modifies existing property-tax reduction programs, including the 10% rollback, 2.5% owner-occupied credit, and homestead exemption, and revises how these credits phase in over several years. It

updates procedures for county auditors when certifying tax abstracts and clarifies how manufactured and mobile homes are taxed.

Additionally, HB 186 adjusts local publication requirements for tax rates, expands county authority to adopt optional tax exemptions, and appropriates funds to administer the new provisions.

HB 309: County Budget Commissions

Modifies Ohio laws governing county budget commissions and property taxation. The bill updates how commissions review and adjust local tax levies, adding clearer authority to reduce levies that produce unnecessary or excessive collections, while requiring public hearings before reductions. It also revises the rules for determining minimum inside millage, adjusts procedures for distributing the county public library fund, and updates the process for adopting alternative apportionment methods among political subdivisions.

The bill further creates a new section (R.C. 5705.60) requiring the Tax Commissioner to annually adjust the rate of each fixed-sum levy so it continues to generate the exact dollar amount approved by voters, with county auditors applying the updated rate each tax year.

HB 335: Limit Inside Millage Revenue Increases

Limits how much revenue local governments and school districts can receive from inside millage (unvoted millage) during county property reappraisals or updates. The bill requires county budget commissions to reduce inside millage rates so that any increase in taxes collected from reappraised property cannot exceed the rate of inflation, as measured by the federal GDP deflator.

The bill also prohibits reallocating mills that are reduced under this cap and provides a process for taxing units to request a partial restoration of millage if needed to maintain prior-year revenue levels.