

Property Tax Chaos

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Recent Legislation

Recent Property Tax Legislation

- Budget Bill – H.B. 96
- Bills signed by the Governor on December 19, 2025 (effective **March 20, 2026**)
 - H.B. 124 – Increases County Auditor Control of Property Valuations
 - H.B. 129 – Includes fixed-sum levies in the 20-mill floor calculation for school districts; restores limited renewals of emergency & substitute levies
 - H.B. 186 – Inflationary increase limitation to **outside (voted) millage** for school districts on the 20-mill or 2-mill floors (JVSDs); modification of credits (rollbacks)
 - H.B. 309 – Expands authority of County Budget Commissions
 - H.B. 335 – Inflationary increase limitation to **inside (unvoted) millage** collections – applies to all subdivisions that receive inside millage

H.B. 96

- 2025 Budget Bill – Amended Substitute H.B. 96
- Governor’s Vetoes
 - #65 – counting fixed-sum levies in the 20-mill floor calculation
 - Functionally overridden by HB 129
 - #66 – elimination of replacement levies and most school district fixed-sum levies
 - Overridden by the General Assembly as of Oct. 1, 2025
 - However, subsequently modified by HB 129
 - #55 – partial veto of expanded County Budget Commission authority to reduce levies
 - Functionally overridden by HB 309

H.B. 96, Veto 66 Override

- Override eliminated the following property tax levy options which have not been restored by subsequent legislation
 - Schools only:
 - Cannot be on ballot with new current expense levy if carryover balance exceeds prior year's General Fund expenditures by 100% or more
 - Combined school district income tax and fixed-sum property tax levies
 - Renewal with an increase
 - Replacement levies - eliminated for all local governments

H.B. 96 “Piggyback” Homestead Exemption

- Allows qualifying homeowners to exempt some of the market value of their homes from local property taxes
- For TY 2025/CY 2026, base homestead exemption is \$29,000
- Added a local option enabling counties to **double** the property tax savings for seniors, disabled residents, and surviving spouses who already qualify for the State’s homestead exemption (*see* ORC § 319.304)
- Butler County is the most populous county to have adopted this piggyback so far

TY 2025/CY 2026 counties:

- Butler
- Erie
- Holmes
- Knox
- Lake
- Lorain
- Medina
- Miami
- Pickaway

Source: Cleveland.com

Traditional v. Piggyback Homestead Exemption

Feature	Traditional Homestead Exemption	HB 96 Piggyback Homestead Exemption
Type of relief	Reduction in taxable value of home	Additional reduction matching State reduction
How is it funded?	State of Ohio	Not applicable – it is lost revenue to all taxing subdivisions
Applies automatically?	Yes, for qualifying homeowners (primarily for seniors who satisfy the means testing - \$40,000 MAGI cap)	Only if county adopts annually by resolution
State reimbursement?	Yes	No

H.B. 96 “Piggyback” Rollback

- Standard owner-occupied rollback credit paid by the State has been 2.5% (now modified by H.B. 186)
- Counties given the option of giving **up to an additional 2.5%** tax exemption on “qualifying levies” (same qualifying levies as State-funded rollbacks) (*see* ORC §323.152(B)(3))
- County resolution has to be adopted by July 1st to apply to current tax year (same as the piggyback homestead exemption)

TY 2025/CY 2026

counties:

- Erie
- Lake
- Lorain
- Richland

Source: Cleveland.com

Traditional v. Piggyback Rollbacks

Feature	Traditional Owner-Occupied Rollback	HB 96 Piggyback Rollback
Type of relief	2.5% credit for the cost of each “qualifying” levy (this credit rate is modified by HB 186 beginning in TY2026)	Additional credit of <u>up to an</u> additional 2.5% (not impacted by HB 186 changes)
How is it funded?	State of Ohio	Not applicable – it is lost revenue to all taxing subdivisions
Applies automatically?	Yes, for all “qualifying” levies approved before September 2013	Only if county adopts annually by resolution
State reimbursement?	Yes	No

H.B. 124 – County Auditor Control of Property Valuations

- Gives County Auditors more control over property valuations
 - Dept. of Taxation used to select property sales data from each county that would be included in its sales ratio studies. Now, Taxation must use a sample provided by each county auditor beginning with TY 2026/CY 2027.
- Dept. of Taxation may challenge the property sales included or excluded in the samples



H.B. 129 – Calculation of the 20-Mill Floor

- Revenue from emergency and substitute (fixed sum) levies will be included in the calculation of the school district 20-mill floor going forward
 - First year this change could be implemented is tax year 2026 (collection year 2027)
 - Does not apply until a county in which a school district has territory has a reappraisal or update (**does not have to be the dominant county to trigger the new floor calculation!**)
- Functional override of veto #65 of HB 96



H.B. 129 – Financial Impact

- LSC’s Final Fiscal Note & Local Impact Statement for H.B. 129 estimates:
 - Slower annual property tax revenue growth for an estimated **211** school district’s during the first three tax years beginning with tax year 2026 (collection year 2027)
 - School district revenue losses statewide estimated to be:
 - **\$162** million for TY 2026
 - **\$223** million for TY 2027
 - **\$224** million for TY 2028



H.B. 129 – 20-Mill Floor Calculation

Common School Property Tax Levies and Their Treatment under Tax Reduction Factors and the 20-Mill Floor

Levy Type	Subject to Reduction Factors	Factored in 20-Mill Floor Calculation
Inside Millage – Current Expenses	No	Yes
Inside Millage – Permanent Improvements	No	No
Inside Millage – Bond	No	No
Outside Millage – Current Expenses	Yes	Yes
Outside Millage – Permanent Improvements	Yes	No
Outside Millage – Bond	No	No
Outside Millage – Fixed-Sum Levies	No	Yes

HB 335 affects

HB 129

H.B. 186 – Limitation on 20-Mill Floor Increases

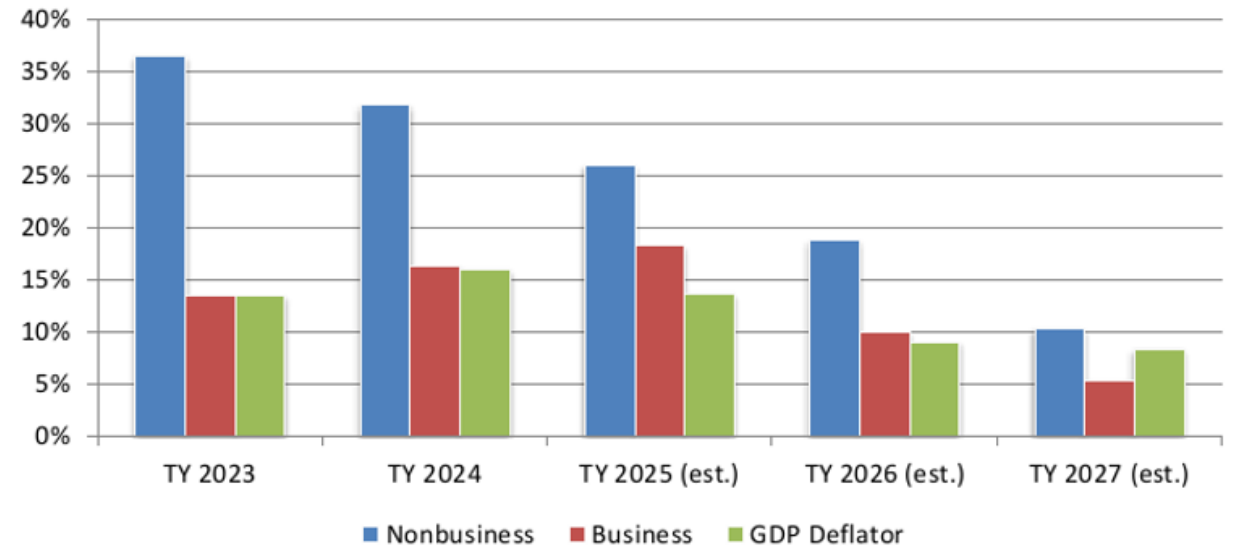
- Caps property tax growth on voted levies related to the school district 20-mill/2-mill floor (JVSD) to the rate of inflation (GDP deflator) to prevent large spikes in tax bills
- **Only impacts property taxes from voted (outside) millage**
- Authorizes a property tax credit for properties located in a school district or JVSD that is on the 20-mill or 2-mill floor, respectively
- Separate credits calculated for “**nonbusiness property**” (Class 1 minus ponds & lakes) and “**business property**” (Class 2 minus vacant property)
- The credit is recalculated every 3 years when a county goes through a reappraisal or update
- No credit if growth at the floor is less than inflation or if no longer at the floor
- No corresponding adjustment to State foundation formula to account for inflation revenue cap, although cap adjusted for voluntarily foregone revenue

H.B. 186 – Recent Inflation vs. GDP Deflator

- LSC estimates that about 97% of the estimated property tax savings from the inflation cap credit is expected to benefit nonbusiness (Class 1) property owners

- Rates of inflation are actual values for the years prior to the year listed in the table. For TY 2026 and TY 2027, all values are projected by Moody's Analytics.

Three-year Percentage Increase in Property Values and GDP Deflator,
TY 2023-TY 2027



Source: Ohio Legislative Service Commission, Legislative Budget Office (2026)

H.B. 186 – Property Tax Credits

- Applies to all eligible real property beginning with tax year 2025 (collection year 2026)
- For property that went through a reappraisal or update in tax years 2023 and 2024, the act authorizes a temporary credit that applies until the next year the county goes through a reappraisal or update
 - For TY 2025 / CY 2026, the full credit for the year will be applied to the second-half tax bills because the act was not effective when the first-half bills were sent out
- Credits to be paid for by the state from cancellation of State expanded sales tax holiday in August 2026

H.B. 186 – Property Tax Credits

For individual homeowners, the tax credit payments are expected to be relatively modest.

How much will Ohio property taxpayers save under new law?

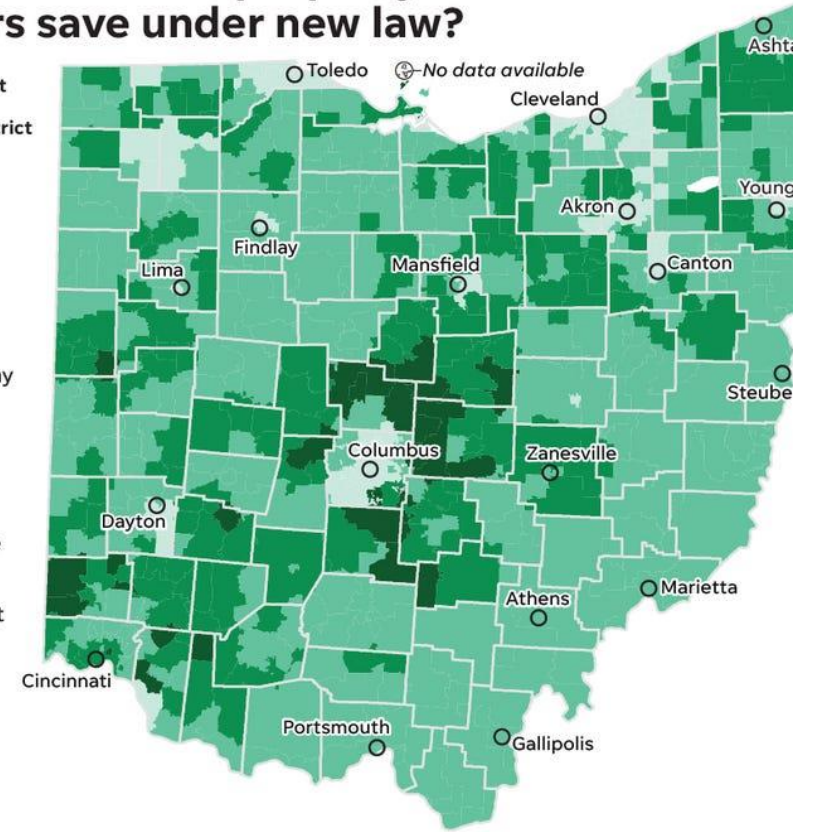
Estimated tax credit for median home value by school district

- \$0.00
- \$0.01 to \$156.02
- \$156.03 to \$286.17
- \$286.18 or more

Ohio will provide tax credits to many homeowners starting in the second half of 2026. The exact amount varies by school district. Residents of large districts, such as Columbus City Schools, won't get a credit.

SOURCE: Legislative Service Commission

Haley BeMiller / STATEHOUSE BUREAU and Michael Nyerges / THE ENQUIRER



H.B. 186 – Financial Impact

- Legislative Budget Office’s Final Fiscal Note & Local Impact Statement for H.B. 186 estimates:
 - Tax credit costs estimated to be:
 - **\$432 million** for TY 2025
 - **\$608 million** for TY 2026
 - **\$633 million** for TY 2027
 - If property taxes collectively account for about \$24 billion in revenue annually (ODT/OBM), \$633 million is **2.6%** of total property tax revenue but **4.4% of total school district revenue** (assuming approx. 60% of total property tax revenue going to schools) and not spread equally among all school districts
 - Revenue guarantee payments are estimated to cost the State \$360 million in FY 2027 and \$105 million in FY 2028



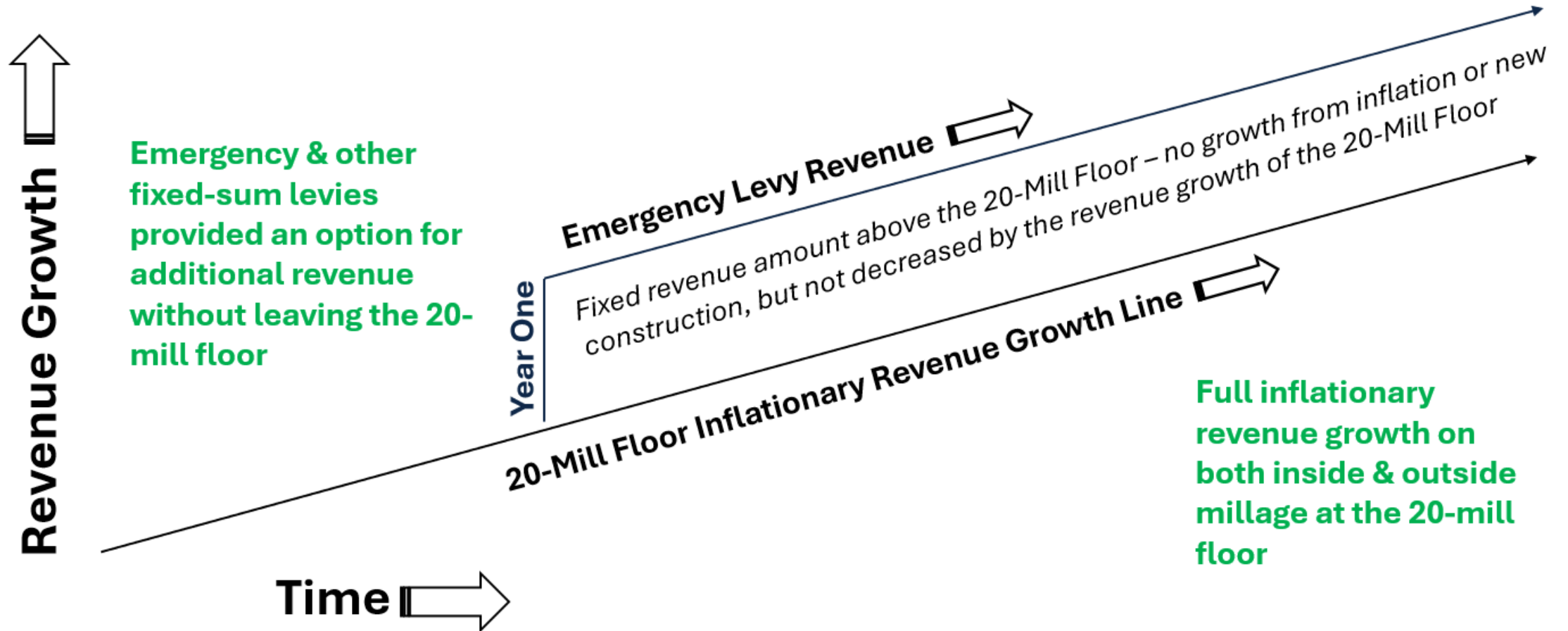
H.B. 186 – Modification of Credits (Rollbacks)

- Tax Credit (“Rollbacks”) Changes – Rate phase-in for levies approved before September 2013 (reimbursed by the State to political subdivisions):

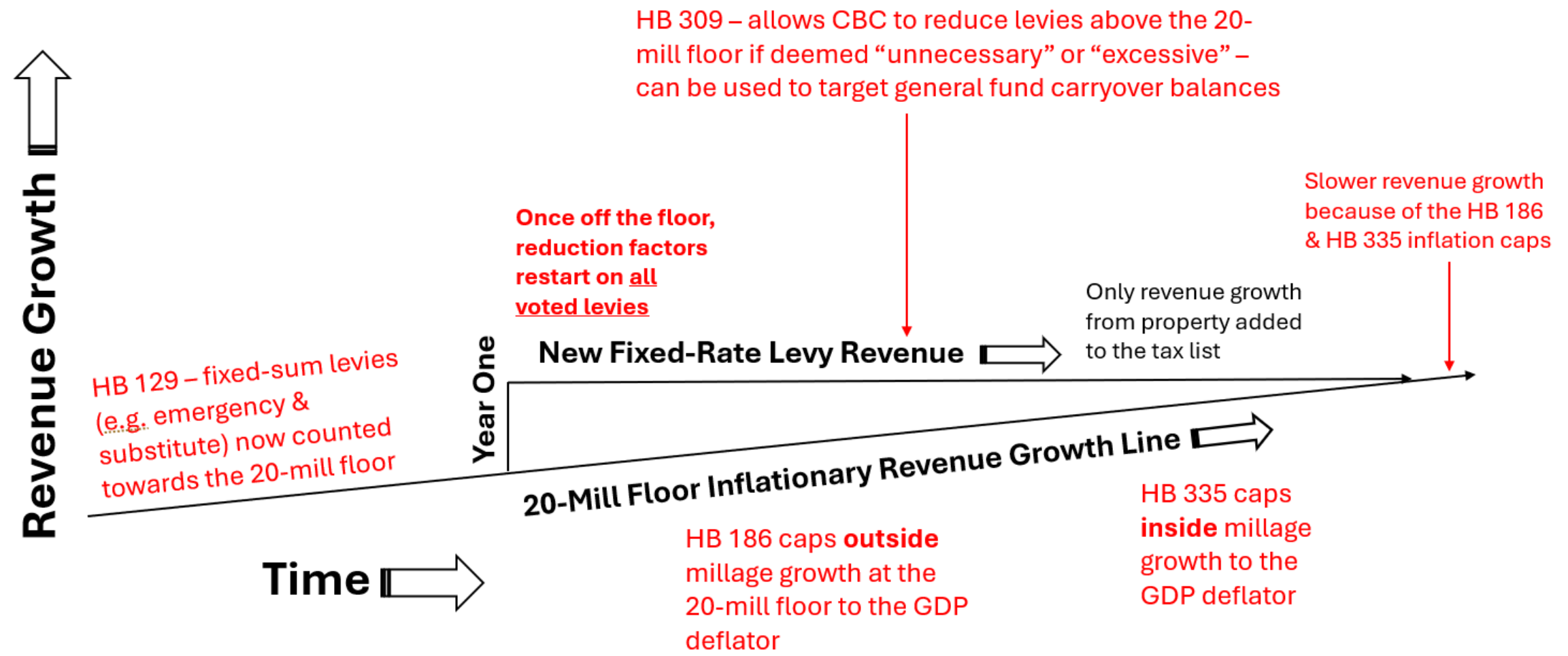
Phase-In Schedule for Property Tax Credit Changes for Non-Agricultural Property			
Tax Year	Non-Business Credit Rate	Owner-Occupancy Credit Rate	Total Credit Rate
TY 2025	10.00%	2.50%	12.50%
TY 2026	7.50%	5.70%	13.20%
TY 2027	5.00%	8.92%	13.92%
TY 2028	2.50%	12.15%	14.65%
TY 2029 Onwards	0%	15.38%	15.38%

- Beginning September 29, 2013, rollbacks do not apply to new levies, replacement levies, and the increase portion of a renewal levy combined with an increase

Previous School District Revenue Expectations



Revenue Impact from Property Tax Reform



H.B. 309 – Expands Authority of County Budget Commissions

- Allows county budget commissions to reduce voter-approved levies deemed as “unnecessary” or “excessive” after a public hearing and an opportunity for the taxing unit to provide relevant information at a public hearing
- Levy cannot be reduced to an amount that would collect less than the preceding year unless there are reserve amounts, nonexpendable trust funds or carryover amounts to offset the reduction
- Restricts reductions for new levies during the first year after voter approval
- No school district can be reduced below the 20-mill floor unless it so requests (if so, safe harbor to prevent a loss of State foundation funding)

H.B. 309 – Composition of County Budget Commission

- RC 5705.27 defines the three-member budget commission as the county auditor, county treasurer and county prosecuting attorney
 - Prosecuting attorney may recuse prosecuting attorney
 - If recused, county commissioners must appoint one of their members in prosecutor's stead



H.B. 309 - Expanded County Budget Commission

- RC 5705.27 also permits a citizen-initiated petition to add two additional members to the county budget commission to be elected from the county for four-year terms
 - Ballot question is a combination of two aspects:
 - Shall the county budget commission consist of two additional members to be elected from the county?
 - The names of the two electors from the county to serve for a term of four years.

H.B. 335 – Limitation of Inside Millage Increases Due to Inflation

- Initially eliminated inside millage entirely, but was revised to cap growth of inside millage revenue to the rate of inflation (GDP deflator)
 - Effectively creates reduction factors for inside millage
 - New construction and expiration of abatements excluded



H.B. 335 – Deflationary “Revenue Stability”

- Provides potential for “revenue stability” (LSC description) in a deflationary environment (*see* RC 5705.316(E))
- In a reappraisal or update year, **if tax revenues decrease for an inside millage levy**, county auditor required to calculate by September what the millage rate would need to be to collect the same amount of taxes as the prior year (still capped by 10-mill limitation)
- Subdivision may then adopt legislation by November 1 of that reappraisal or update year requesting that the levy be levied up to the rate certified; required to include information demonstrating need for the higher rate
- County budget commission may then approve, partially approve, or deny the request based on its evaluation of the subdivision’s need for the rate increase
- Approved inside millage rate applies until the next reappraisal or update

H.B. 335/H.B. 96/H.B. 309 - “No Man’s Land”

- Taxing unit has revenue increase above last year, but below inflation:
 - R.C. 5705.29(E) requires a “declaration of intent” to collect the additional revenue or to forgo all or a portion of it
 - May be disallowed by the budget commission under H.B. 309 if “unnecessary” or “excessive”

Reappraisal Schedule Rebalancing

- Ohio Department of Taxation can grant one-year extensions for reappraisals
- The following counties are changing reappraisal years as follows:
 - **2028:** Lucas
 - **2030:** Clinton, Delaware, Franklin, Geauga, Hamilton, Jackson, Mahoning, Mercer, Morrow and Pike
 - **2031:** Crawford, Cuyahoga, Lake, Muskingum and Stark

Proposed Legislation and Constitutional Amendment

Proposed H.B. 420, 466 and 608

- H.B. 420
 - Eliminates existing continuing property tax levies after Tax Year 2029
 - Eliminates new continuing property tax levy options
- H.B. 466
 - Applies to libraries, township park districts, park districts created under RC Chapter 1545 and certain other entities (note: 144 of 251 libraries have a school district as their taxing authority)
 - Requires approval of the body that created the entity before certification of the election proceedings to the board of elections
- H.B. 608
 - Permits “if, then” language on ballot if taxing authority wants to reduce, terminate or waive right to renew a local tax in connection with voter approval of a new tax

Proposed H.B. 443 and 493

- H.B. 443
 - Restricts remedies County Treasurers have to enforce collection of property tax delinquencies on qualifying owner-occupied homesteads
 - Treasurers cannot file tax foreclosure actions under R.C. 323.25
 - Treasurers cannot sell or transfer delinquent tax liens on protected homesteads to third parties
 - Treasurers must carry delinquent balances, apply interest and penalties and accept payments
 - Potential effects include revenue collection delays for local governments and increased delinquencies
- H.B. 493
 - Eliminates or restricts tax certificate sales

Proposed Constitutional Amendment

- Would add new Section 14 to Article XII of the Constitution:

Section 14 Abolishment of Taxes on Real Property

- (A) **No real property shall be taxed, and no law shall impose any taxes on real property.**
- (B) No other provision of the Constitution shall impose any taxes on real property.
- (C) As used in this Section, "real property" includes land itself, all growing crops therein, and all buildings, structures, and improvements permanently attached to the land.

The Three-Legged Stool of Taxation

Not an even stool – property taxes:

- Generate about **\$24 billion annually (including PUPP)**, equal to the revenue from income taxes (~ \$10.5 billion in FY2025) and sales taxes (~ \$14 billion in FY2025) combined
- Represent about **65%** of local tax revenue in Ohio
- Roughly **60%** of local property tax revenue goes to school districts

Source: Ohio Office of Budget & Management



Constitutional Amendment Potential Consequences

- No viable replacement for property tax revenue
- If replaced by income tax, Tax Foundation analysis estimates income tax rates of **11%-15%**, potentially higher than any other state
 - Ohio reached a flat tax of 2.75% in 2026, the second lowest of any state that levies an income tax (9 states do not levy any income tax)
- If replaced by sales tax, OBM estimates sales tax rates of **15%-18%**, significantly higher than any other state (Ohio currently 21st)

Sources: Ohio Office of Budget & Management; Tax Foundation



Constitutional Amendment Impact on Local Government Operations

- Would only decrease revenue – **no plan** to adjust the cost side of the equation
 - DD, Children's Services, ADAMH, Seniors, etc.
 - ProtectPublicServices.org
- States are in competition on tax burdens – businesses and residents would relocate and engage in tax avoidance measures



Constitutional Amendment Impact on General Obligation Debt, TIFs

- **No plan** to address the \$22.3 billion in Ohio general obligation debt outstanding paid from and secured by property taxes either voted or unvoted (inside millage) (*Reuters 2026*)
- Abolishing underlying debt security
 - PUPP taxpayers left as sole source of repayment
 - Violates bond covenants
 - Sparks litigation from large bondholders, e.g. Chase Bank
 - Negatively impacts credit ratings for local governments
 - Credit market freezes for Ohio local governments
- Upends PILOT payments under TIFs

Questions?



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