H.B. 186: What Ohio Homeowners Need to Know

Overview

House Bill (H.B.) 186 was recently enacted by the 136th Ohio General Assembly to limit increases in school property taxes caused by rising property values. Beginning with tax year 2025, the law creates an **Inflation Cap Credit** that limits how much certain school property taxes can increase from one reappraisal cycle to the next.

The goal is to prevent homeowners from seeing unvoted property tax increases that occur simply because property values rise—not because voters approved a new school levy.

Key Changes Under H.B. 186

1. New Inflation Cap Credit

The biggest change in H.B. 186 is the creation of an **Inflation Cap Credit** for properties located in school districts that are subject to the **20-mill floor** which by law, provided a guaranteed level of funding for school districts.

Under previous law, homeowners in these districts could experience significant tax increases after a county reappraisal because the school district's tax rate could not be reduced below 20 mills, even when property values increased.

Under H.B. 186:

- School district property tax revenue growth from these levies is generally limited to the rate of inflation.
- If property values increase enough to generate tax revenue above the inflation limit, eligible property owners will receive an **Inflation Cap Credit** to offset the excess.
- The credit applies to:
    - Owner-occupied homes
    - Other residential property
    - Agricultural property
    - Qualifying commercial and industrial property

- Eligible property owners will see the credit listed as **"Inflation Cap Credit"** on their property tax bill.
- The credit applies during the reappraisal year and the following two tax years, when applicable.

2. Changes to Property Tax Credits

H.B. 186 also changes Ohio's property tax credit program.

For **owner-occupied homes:**

- The total property tax credits will gradually increase from **12.5% to 15.38%** by 2029.
- This provides additional tax relief for homeowners who live in their homes.

For **other residential property** (such as rental property):

- The existing 10% non-business credit will be phased out overtime.
- As a result, rental and other investment properties will no longer receive this tax reduction.

3. Additional Support for Certain School Districts

Some counties completed property reappraisals or updates in 2023 or 2024 before H.B. 186 took effect.

To help those school districts transition to the new law:

- The state will provide temporary payments to eligible school districts to offset the loss of revenue from the inflation cap credit.
- These payments ensure affected districts receive at least the same amount of property tax revenue they collected in tax year 2024 during the transition period.

What This Means for Homeowners

If you own a home in a school district that is on the 20-mill floor, H.B. 186 may reduce future increases in your school property taxes following a county property reappraisal, though this will be reduced as schools move off the 20-mill floor.

Instead of allowing tax collections to automatically rise with increasing property values, the new Inflation Cap Credit limits those increases to approximately the rate of inflation.

In addition, owner-occupied homeowners will receive a larger property tax credit over the next several years, providing additional tax savings.

Important Things to Know

- H.B. 186 **does not eliminate property taxes.**
- It **does not reduce or repeal voter-approved school levies.**
- It is intended to limit **unvoted increases** in certain school property taxes that result from higher property valuations for school districts at the 20-mill floor.
- Whether a homeowner receives the Inflation Cap Credit depends on whether their school district is subject to the 20-mill floor and whether tax revenue growth exceeds the inflation threshold.

Bottom Line

H.B. 186 is designed to make Ohio's property tax system more predictable for homeowners and to prioritize property tax relief for Ohioans who own and live in their homes. By limiting school property tax increases to the rate of inflation and expanding tax relief for owner-occupied homes, the law helps limit increases in property tax bills while continuing to fund local schools.