



# STRIKING A BALANCE

## LOCAL GOVERNANCE, INDIVIDUAL RIGHTS & ECONOMIC GROWTH

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### Introduction

Ohio's economic competitiveness depends on a predictable and uniform regulatory environment across the state that supports pro-growth activities and respects constitutional rights. In recent years, Ohio local governments have explored or enacted policies that diverge sharply from state priorities and, in some cases, clearly violate individual rights. Among them: some municipal gun laws, energy exploration and infrastructure restrictions, limits on tobacco product sales, data center development regulations, and prohibitions on short-term home rentals. Ohio's General Assembly can and should strategically tailor laws that preempt or supersede such local actions, as it has with respect to firearms and energy exploration ordinances. Although some may worry that preemption laws violate Ohio's home-rule doctrine, when properly understood, the Home Rule Amendment leaves the state supreme in matters of general concern and subjects local municipalities to the plenary power of the state.<sup>1</sup>

### Energy Exploration and Infrastructure: Bring Power to the People

The energy sector is inherently complex, capital-intensive, and has a statewide impact. Ohio's economy, including traditional manufacturing and fast-growing advanced technology hubs, relies on affordable, reliable energy.<sup>2</sup> Energy infrastructure decisions require technical expertise, long-term planning, and regional coordination better suited to the state than municipalities. Local government bans and restrictions on energy exploration or infrastructure, which often reflect ideological preferences more than sound economic analysis, risk disrupting not only regional markets but the broader state economy, too. Overbroad local prohibitions can deter investment, reduce tax revenues, and weaken Ohio's competitive

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<sup>1</sup> See Herbert S. Bigelow, *A New Constitution for Ohio: An Explanation of the Work of Ohio's Fourth Constitutional Convention by the President*, H.R. Doc. No. 62-863 (1912), p. 11; and The Buckeye Institute **amicus brief** in *Columbus v. Ohio*, March 3, 2026.

<sup>2</sup> Rea S. Hederman Jr. and Greg R. Lawson, *Better Energy Policy for Ohio*, The Buckeye Institute, January 22, 2025.

position by driving development to states with more predictable regulatory environments.

To reduce that risk, the General Assembly barred such disruptive local efforts in 2004 with a statute<sup>3</sup> that the Ohio Supreme Court subsequently upheld in *State ex rel. Morrison v. Beck Energy Corp.*, ruling that the state’s comprehensive oil and gas regulatory framework preempted conflicting local ordinances.<sup>4</sup> The *Beck Energy* decision in 2015 recognized that when the General Assembly enacts a general law intended to apply uniformly, local governments may not impose additional or contradictory requirements, underscoring that energy exploration and regulation are matters of statewide concern. The legislature acted again in 2021 with a preemptive statute to prohibit cities and counties from banning natural gas and propane service hookups, correctly anticipating that allowing local prohibitions would fragment energy markets and undermine consumer choice.<sup>5</sup>

State preemption need not eliminate local input. Local governments may appear and be heard at relevant public hearings.<sup>6</sup> And cities and counties retain significant authority over traditional zoning, nuisance enforcement, and public safety. But state preemption creates a more consistent regulatory environment and prevents local governments from effectively vetoing statewide energy policy with parochial restrictions.

### **Data Centers: Remaining Competitive in the Digital Economy**

Data centers have emerged as the backbone of the modern digital economy. They support cloud computing, advanced manufacturing, artificial intelligence, financial services, and national security infrastructure. Ohio is among the national leaders in data center investment,<sup>7</sup> and preemptive statutes may prove necessary to keep local ordinances from jeopardizing the state’s economic growth and success with arbitrary restrictions.<sup>8</sup> Opposition to data centers typically stems from concerns about land use, water consumption, utilities prices, and strains on public infrastructure.<sup>9</sup> Such concerns merit serious discussion, but local bans can derail statewide economic development strategies.

Data centers represent billions of dollars in capital investment and local tax revenue, making them attractive contributors to state and local economies. Over-aggressive municipal barriers tell developers to take their investments elsewhere—and they do, often to states with friendlier regulatory environments. States that attract data centers provide regulatory certainty and streamline approval processes while maintaining reasonable environmental and safety standards. By contrast, allowing local governments to impose ad hoc, hostile regulations signals that Ohio is unreliable for long-term investment. Even worse, other states may follow Ohio’s ill-advised lead

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<sup>3</sup> **House Bill 278 of the 125<sup>th</sup> General Assembly**, legislature.oh.gov, 2004.

<sup>4</sup> ***State ex rel. Morrison v. Beck Energy Corp.*, 2015-Ohio-485.**

<sup>5</sup> **House Bill 201 of the 134<sup>th</sup> General Assembly**, legislature.oh.gov, 2021.

<sup>6</sup> **How to testify at a PUCO public hearing**, puco.oh.gov (Last visited January 15, 2026).

<sup>7</sup> **USA Data Centers**, datacentermap.com (Last visited January 9, 2026).

<sup>8</sup> Mike Jacoby, **Data Centers in Ohio: A Rising Power Player Amid Growth and Challenges**, brickergraydon.com, January 6, 2025.

<sup>9</sup> Andrew Tobias, **Ohio’s data center boom is running into political resistance**, SignalOhio, December 19, 2025.

and undermine America's national security interests in the race with China for artificial intelligence (AI), which requires data centers to train cutting-edge algorithmic models.<sup>10</sup>

State preemption could help align Ohio's data center policy with broader economic and national security objectives, including the Trump administration's effort to accelerate federal permitting for data center infrastructure.<sup>11</sup> Neutral, generally applicable local rules may still protect and address local interests with noise ordinances, infrastructure coordination, and public safety measures, but they should not be allowed to thwart national security<sup>12</sup> or statewide economic competitiveness.

To lead in the digital economy, Ohio must prevent regulatory fragmentation. State-level preemption will offer data investors broad regulatory stability, while ensuring that local communities share in the benefits of growth. Without it, Ohio risks falling behind in one of the preeminent economic sectors of the 21st century.

### **Firearm Protection: Preemptive Bans on Unconstitutional Infringements**

Constitutional rights should not vary by ZIP code. The U.S. and Ohio constitutions protect the individual's right to keep and bear arms, but some Ohio municipalities continue to infringe upon that right with firearms regulations at odds with state law and constitutional jurisprudence. The city of Columbus, for example, has banned 30-round magazines, contravening the General Assembly's statutory efforts to eliminate ammunition capacity restrictions. Such ordinances create legal confusion, undermine equal protection, and erode public confidence in the rule of law. The General Assembly has repeatedly recognized that firearms regulation is a matter of state—not local—concern, and the Ohio Supreme Court has held that when the legislature enacts a comprehensive regulatory scheme, conflicting local ordinances must yield to it.

State preemption in firearms regulation serves several compelling public policy interests. First, it secures a fundamental constitutional right throughout the state, rather than subject it to the ideological whims of local councils. Second, statewide standards support effective law enforcement, providing clear, consistent rules that do not change from block-to-block. Third, preemption ensures a uniform rule for in-state and out-of-state firearms owners travelling across the state.

Regulatory uncertainty around constitutional rights sends the wrong signal. Businesses, residents, and visitors want clear, predictable laws. But allowing local governments to erode uniform constitutional protections introduces legal instability, invites costly litigation, and encourages lawful firearms businesses to avoid certain parts of the state. State preemption restores clarity, protects civil liberties, and reinforces Ohio's commitment to constitutional governance.

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<sup>10</sup> **Ensuring a National Policy Framework for Artificial Intelligence**, whitehouse.gov, December 11, 2025.

<sup>11</sup> **Accelerating Federal Permitting of Data Center Infrastructure**, whitehouse.gov, July 23, 2025.

<sup>12</sup> Matt Pottinger, China program chairman, Foundation for the Defense of Democracies, **Testimony before Congress: Winning the AI Arms Race Against the Chinese Communist Party**, January 14, 2026.

## Short-Term Rentals: Protect Property Rights, Preserve Neighborhoods

Short-term home rentals have become an essential economic tool for many Ohio families, allowing homeowners to generate supplemental income to offset rising property taxes, inflation, and debt. But some local governments have unwisely banned private home rentals rather than respond with reasonable regulations.<sup>13</sup> These misguided bans infringe on private property rights without clear evidence of widespread harm, restrict income opportunities and fiscal flexibility for families, and reduce tourism spending that supports smaller communities. Preemption legislation pending in the General Assembly takes a more balanced approach.<sup>14</sup>

The bill would follow examples set by Indiana<sup>15</sup> and Florida,<sup>16</sup> barring local bans on short-term rentals entirely but preserving the municipal authority to enforce laws related to nuisance, noise, trash, parking, and public safety. This framework protects neighborhoods without stripping homeowners of the right to use their property for lawful purposes. The legislation more than adequately addresses local concerns by supporting licensing regimes, property inspections, lodging taxes, and centralized tax collection platforms. These concessions signal a reasonable regulatory solution that does not require government overreach. Preempting local bans will ensure statewide homeowner protections, empower families, and encourage responsible entrepreneurship—without sacrificing the neighborhood.

## Tobacco Sales: Local Bans Burn State Revenues

Local government bans on tobacco products—taxed and regulated by the state—frustrate Ohio’s tax and regulatory schemes and should be preempted. Ohio has taxed cigarette sales for almost 100 years.<sup>17</sup> The state imposes a 17 percent tax on the wholesale price of other tobacco products manufactured in or imported to Ohio, as well as a 37 percent excise tax on little cigars. These taxes, along with a tax on vapor products, put approximately \$750.5 million in the state general revenue fund in 2024, down from nearly \$1 billion collected in 2020. But local restrictions—however well-intended—on the sale of tobacco products, reduce these sums, impede the collection of other taxes and fees from the relevant wholesale and retail businesses, and harm small businesses by eliminating a revenue source and raising their cost of doing business. The state has already determined which restrictions and rules should apply to selling tobacco products, and the General Assembly should preempt local efforts to exceed them.

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<sup>13</sup> London Bishop and Cornelius Frolik, **Cities weigh regulating Airbnbs, short-term rentals; some ban them, some ignore**, *Dayton Daily News*, March 7, 2023; and John Benson, **Parma Heights moratorium locks the door on Airbnb rentals**, *Cleveland.com*, September 4, 2025.

<sup>14</sup> **Senate Bill 104 of the 136th General Assembly**, [legislature.oh.gov](https://legislature.oh.gov), 2025; and **House Bill 109 of the 136th General Assembly**, [legislature.oh.gov](https://legislature.oh.gov), 2025.

<sup>15</sup> Chad Phillips, **Indiana Short-Term Rental Laws: A Comprehensive Guide**, [checkmaterentals.com](https://checkmaterentals.com), June 8, 2025.

<sup>16</sup> **Airbnb Regulations by State: Licensing Requirements, Taxes, and More**, [hospitable.com](https://hospitable.com) (Last visited January 9, 2026).

<sup>17</sup> **2024 Annual Report**, Ohio Department of Taxation, p. 23.

## **Conclusion**

Preemption is a necessary tool for protecting fundamental rights, promoting economic opportunity, and ensuring regulatory clarity. When local governments pursue policies that conflict with statewide priorities, the General Assembly has the constitutional authority and obligation to act. Local bans on energy exploration, data center development, private home rentals, and tobacco sales should all be opposed and preempted by state law. Ohio must keep pace in a burgeoning new economy. Its families, residents, and businesses deserve reasonable, uniform rules to follow as they pursue opportunities, innovation, and success.

## **About the Authors**

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