



THE BUCKEYE INSTITUTE

Lodging Tax Extension Will Kill Economic Value of Short-Term Rentals

Interested Party Testimony
Ohio House Development Committee
Ohio House Bill 161

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As Prepared for Delivery

Chair Hoops, Vice Chair Lorenz, Ranking Member Brownlee, and members of the Committee, thank you for the opportunity to testify regarding **Ohio House Bill 161**.

My name is Greg R. Lawson, and I am a senior research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

House Bill 161 extends Ohio’s lodging taxes to families offering their homes as short-term rentals. And unlike **House Bill 109** and **Senate Bill 104**, currently under consideration, House Bill 161 would impose these new taxes without any of the reforms or private property protections that those other bills provide. This is an unforced error.

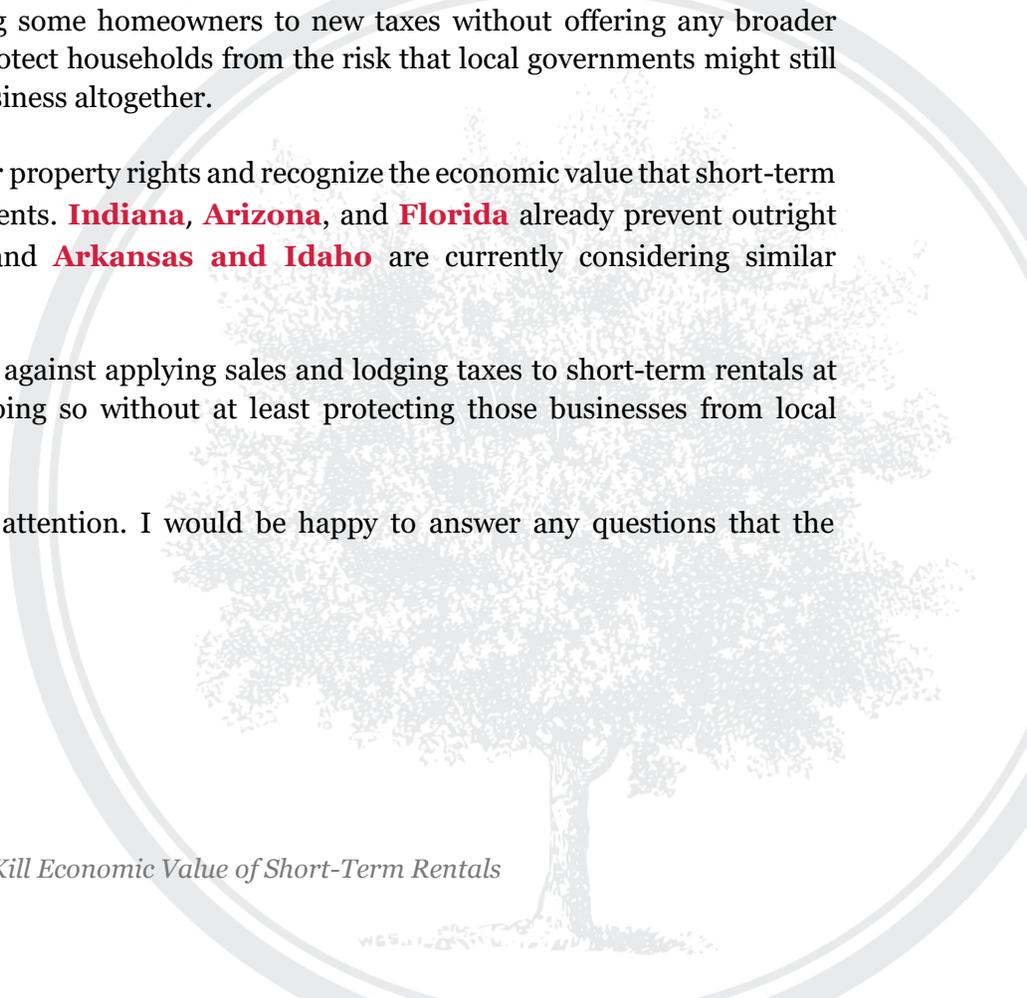
Local governments across Ohio have started banning homeowners from renting their homes for short-term stays—a misguided move that undermines private property rights and costs families supplemental income when they need it most. To balance property rights protections and community concerns over short-term rentals, House Bill 109 and Senate Bill 104 preempt local bans on such rentals, but subject homeowner rentals to the state’s lodging tax and licensing regime. Despite some flaws, this compromise relies on and reinforces a host of local ordinances that already prohibit and punish public nuisance and disturbance, excessive noise, overflowing trash, and parking abuses.

As The Buckeye Institute **argued** last week, maintaining Ohio’s competitive economic edge requires some strategic state-level preemption of local government regulations. Stopping short-term rental bans should be part of that strategy. Unfortunately, House Bill 161 takes a worst-of-all-worlds approach, subjecting some homeowners to new taxes without offering any broader reforms—or preemption—to protect households from the risk that local governments might still capriciously ban their small business altogether.

Other states protect homeowner property rights and recognize the economic value that short-term rentals represent to their residents. **Indiana, Arizona, and Florida** already prevent outright bans on short-term rentals, and **Arkansas and Idaho** are currently considering similar approaches.

The Buckeye Institute cautions against applying sales and lodging taxes to short-term rentals at all, and adamantly opposes doing so without at least protecting those businesses from local government overreach.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.



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