



# THE BUCKEYE INSTITUTE

## **Banning Short-Term Rentals, Bad for Ohio's Competitiveness**

Interested Party Testimony  
Ohio House State and Local Government Committee  
House Bill 563

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Chair Wiggam, Vice Chair John, Ranking Member Kelly, and members of the Committee, thank you for the opportunity to testify today regarding House Bill 563 and Ohio's effort to empower citizens throughout the state to make their own financial decisions.

My name is Logan Kolas. I am the economic policy analyst 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 563 takes a commendable step toward ensuring that Ohio does not fall **even further behind** its more competitive and innovative peers. And perhaps even more importantly, the legislation empowers Ohio homeowners to make business and financial decisions that are right for them and their families.

Local and municipal governments have increasingly looked to regulate rental properties and online businesses such as Airbnb and Vrbo. Such regulations would be a mistake—and a patchwork quilt of them, exponentially so. As the Buckeye Institute's report ***Policy Solutions for More Innovation: A Policy Primer for Emerging Technology in Ohio*** explained, uncoordinated regulatory schemes across hundreds of municipalities can smother innovative and beneficial ideas.

Airbnb, for example, has disrupted the traditional model of peer-to-peer lodging by providing homeowners with a powerful new online rental option. The innovative company empowers homeowners across the state and across economic classes to turn their homes into a lucrative source of supplemental income. But varied and competing local restrictions and ordinances could threaten Airbnb's business model, make the service more expensive and less attractive to residential property owners, and thereby stifle an emerging technology service that would otherwise prove valuable to travelers and homeowners.

House Bill 563 wisely preempts local restrictions that would prohibit short-term rental arrangements or make them grossly uncompetitive.

Protecting innovative business ideas and supplemental income streams is especially important today as citizens statewide struggle with inflation and dramatically rising housing costs. According to the Bureau of Labor Statistics, **nearly 35 percent** of average household spending goes to pay for housing—more than double the amount spent on transportation, nearly triple the amount spent on food, and more than four times the amount spent on healthcare. Such outsized spending means that even small changes in housing prices can significantly affect family budgets. Local regulatory restrictions that would prevent homeowners from generating supplemental short-term rental income to make ends meet would be part of the problem, not the solution.

**Rules and regulations** already make housing more expensive than it otherwise would be, reducing the buying power and quality of life for residents across the state. House Bill 563 will help prevent local municipalities from making the problem even worse, and will empower Ohio families and travelers to make financial and lodging decisions that are right for them.

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



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