MUNICIPAL GOVERNMENT IN OHIO

Kent Scarrett
OML Executive Director

February 26, 2025
House Local Government Committee

OML
OHIO MUNICIPAL LEAGUE
Partnering for Stronger Cities and Villages

What is OML?

The primary connection point between municipal and state government in Ohio

- Founded in 1912
- More than 730 cities and villages as members
- Lobbying / Advocacy
- Training Events & Best Practices
- 24-member Board of Trustees
  - Current Chair – Zanesville Mayor Don Mason

Subsidiary Member Organizations

Mayors Association of Ohio

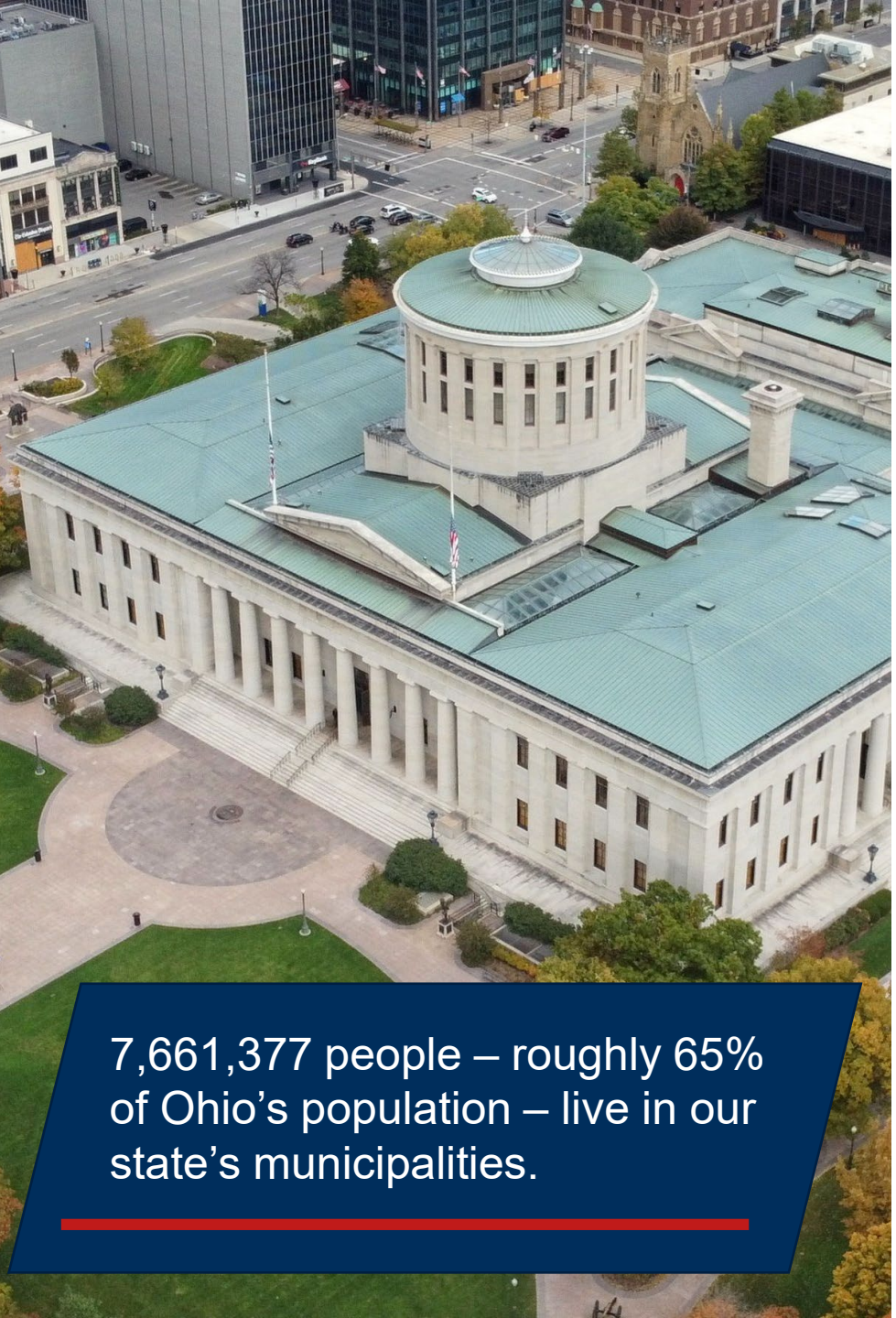
Municipal Engineers Association of Ohio

Municipal Finance Officers Association of Ohio

Ohio Association of Public Safety Directors

Ohio Municipal Attorneys Association

Municipal Income Tax Administrators Committee



7,661,377 people – roughly 65% of Ohio's population – live in our state's municipalities.

Municipal Facts

- **The Ohio Constitution of 1851 established municipalities as separate legal entities in Article 13, Section 6 and Article 18, Section 2. However, before 1912, the state legislature controlled the structure and powers of municipalities. In 1912, the Home Rule Amendment was added to the Ohio Constitution, giving cities and villages more local control.**

  City = 5,000 or more residents
  Village = Fewer than 5,000 residents

- **Cities have some responsibilities villages don't have such as maintaining state routes in their boundaries. City workers are able to engage in collective bargaining.**

- **Ohio has 927 municipalities**
  - 247 Cities
  - 680 Villages

Home Rule Authority

- Municipalities have powers granted to them in Article XVIII of the Ohio Constitution. We are a “Home Rule” state.
- The Home Rule authority approved by voters in 1912 grants cities and villages the ability to pass laws to govern themselves.
- "Home Rule" was described by one of the delegates to that 1912 Constitutional Convention as "the right of the people…to control their own affairs."
- The Ohio Constitution does not provide for the “preemption of home rule authority. The test is “conflict with general laws.”

Two Main Sections of the Home Rule Amendment

Section 3 – Types of Powers Municipalities are Authorized to Exercise

The power of local self-government

- Local self-government powers include the determination of the structure and form of a city's government, the power to tax and spend, and to incur debt and issue bonds.

The power to exercise police powers concurrently with the state

- Police powers refers, generally, to the authority of the government to enact and enforce laws that promote or preserve the public health, safety, moral, or general welfare--matters such as licensing, zoning, code enforcement and public health.

Section 7 – City Charters

- Speaks to the authority of a municipality to frame and adopt or amend a charter for its government.
- Cities are not required to have a charter, and many cities and villages do not.

Examples of Preemptions of Ohio's Home Rule Authorities

- **Single-use plastic bags**
- **Short-term rentals / Airbnbs**
- **Firearms / Knives**
- **Energy generation sources**
- **Management of Right of Ways**
- **Liens/recovery of unpaid water**
- **Eminent domain for trails**
- **Flavored tobacco for youth**
- **Pesticides on private property**

Charter vs. Statutory

Charter

Any municipality may frame and adopt or amend a charter for its government. This can be thought of as the municipality's "constitution."

Statutory

Municipalities without a charter have structures and processes provided for under the general laws of the state.

More than 300 municipalities have charters, and the remaining 600 are non-chartered, or statutory.

Governance Structure

While charter municipalities can choose how to structure their government in unique ways, most city and village governments fall under these categories:

Weak Mayor and Commission Combination (Statutory Structure)
Executive Authority is split among mayor and several elected officials.

Council-Manager
Elected council serves as legislative body and hires a manager to serve as executive.

Strong Mayor
Mayor is chief executive and council is legislative body.

Weak Mayor
Mayor has no formal authority outside the council, serving a largely ceremonial role as council chair.

Core Municipal Services

OML
OHIO MUNICIPAL LEAGUE

Nearly 70-80% of municipal budgets go toward supporting police and fire/EMS.

- Public Safety
  - 12,000 municipal police officers in Ohio
  - 10,800 municipal firefighters in Ohio
- Capital Projects
- Infrastructure Maintenance/Street Improvements
  - Municipalities maintain 58,712 of local lane miles and 7,420 of US/SR lane miles – a total of 66,132 miles for which they are responsible.
- Snow plowing
- Trash Collection
- Parks and Recreation

80% of Ohio businesses are located within a municipality.

Municipal Funding Overview

- Municipal Income Tax
- Local Government Fund (LGF)
- Property Taxes
- Utility Fees
- Grants and Aid
- Charges for Services
- Fines and Forfeitures

OML
OHIO MUNICIPAL LEAGUE

Municipal Income Tax

In many Ohio municipalities, income tax stands as the primary funding source, significantly influencing the financial health and service delivery capabilities of local governments.

- Levied on the earnings of individuals and businesses – where services and infrastructure are provided by the municipality.
- 70% of a typical municipality's general fund revenue is attributable to its municipal income tax.
- Municipalities have the authority to levy a 1% income tax without a public vote. Anything above 1% must be approved by voters of that community.
- Currently, 661 municipalities levy an income tax.
- Smaller communities generally do not have an income tax base, making them more reliant on LGF and property taxes.

Local Government Fund

The LGF is one of the central pillars of the state and local partnership, providing a small portion of the state's General Revenue Fund, currently 1.7%, to municipalities, townships, counties, and a few special districts to use for current operating expenses.

- Roughly 2,300 of Ohio's political subdivisions receive revenue from the LGF.
- Provided in recognition of the vital role that local governments play in providing critical services to Ohio residents and the limited fiscal capacity of local governments when compared to the state.
- The current LGF percentage, 1.7%, is only a slight increase over the 1.66% that was established during the state's projected fiscal crisis in 2011 to fill a biennial budget gap, which replaced the previous level of 3.68%.
- Generally speaking, smaller municipalities are more reliant on LGF distributions.

Property Taxes

Property taxes contribute to both the general fund and specific voter-approved levies.

- Typically, this is not a large source of income because most of the revenue from property taxes goes to the schools and townships.
- A third of municipalities do not have a municipal income tax, making revenue generated from the local property tax an even more critical source of revenue generation.
- Most municipal property tax levies are used for the general fund or police/fire.
- Other uses include street improvements/maintenance, street lighting, parks and recreation, cemeteries, or for seniors.
- 921 municipalities levy a property tax of some kind.

Other Revenues

Utility Fees

Many municipalities operate utilities (like water, sewer, and electricity) and charge fees for these services. These revenues typically support the operations, maintenance, and capital improvements of the utilities. They are dedicated funds that can only be used for the maintenance and operation of these utilities.

Grants and Aid

Federal and state grants can provide significant funding for specific projects or services, often channeled into special revenue or capital project funds. This includes funding for infrastructure projects, economic development initiatives, and community services.

Charge for Services

This includes fees collected for various municipal services outside of utilities, such as permits, licenses, recreation programs, and other community services, usually supporting the specific service's operational costs.

Fines and Forfeitures

Revenue from traffic tickets, court fines, and other penalties also contribute to municipal finances, typically supporting the general fund or specific public safety initiatives.

THANK YOU!

omlohio.org

Kent Scarrett
Executive Director
Ohio Municipal League

T: (614) 221-4349
C: (614) 204-0287
kscarrett@omlohio.org
175 S. Third St., Suite 510
Columbus, OH 43215