Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL:	**H.B. 272**	DATE:	**April 9, 1997**
STATUS:	**As Introduced**	SPONSOR:	**Rep. Tiberi**

LOCAL IMPACT STATEMENT REQUIRED: **No — However, potential local effects**

CONTENTS: **Prohibits political subdivision from imposing residency requirements**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions, although there could be indirect effects on local finances. Some municipalities have residency requirements of differing degrees.

Detailed Fiscal Analysis

The bill prohibits a political subdivision from imposing a residency requirement within the state of Ohio on its employees. This prohibition primarily affects municipal corporations, which have the power of self-government, as authorized by Article XVIII, Section 3 of the Ohio Constitution. Under home-rule, municipalities have the ability to impose a residency requirement, while the Ohio Revised Code does not give explicit authority to other political subdivisions to impose a residency requirement.

Some examples of cities with a residency requirement include Cleveland, Dayton, Columbus, and Cincinnati. Both Cleveland and Dayton require all their employees to live within city boundaries. Cleveland, with 8,200 city employees, has had the rule since November 1982, while Dayton, with 3,000 city employees, has had its rule since about 1978. Columbus requires all of its employees to live within Franklin County or any contiguous county. Finally, Cincinnati requires all its employees to live in Hamilton County, although it does require all department heads to live within the city. Probably a decade ago, Cincinnati had a full residency requirement.

Among the municipalities that have residency requirements, policies differ. For instance, some municipalities require employees to live within county boundaries, while others set city limits. Many municipalities impose the residency requirement on only certain employees, such as police or fire personnel, or directors of city departments.

The bill has no direct fiscal impact. Due to the fact that income tax is collected by the city in which an individual works, rather than the city where an individual resides, the bill will not affect income tax collections. However, the bill may have some indirect effects if city employees comprise a large percentage of owner-occupied households and cities do not attract new residents in the place of employees that leave the city. Within a few years, home prices could drop, followed by a decline in overall residential property values, thereby resulting in reduced property tax revenues for the municipality.

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