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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 143  
133rd General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 143's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Keller and Cera

**Local Impact Statement Procedure Required:** Yes

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### Highlights

- The refundable tax credit for voluntary emergency responders would reduce revenue from the state personal income tax by up to \$64 million in FY 2020, assuming the bill is in effect for tax year 2019. The actual revenue loss may be less, and would depend on the number of eligible taxpayers taking advantage of the credit and their numbers of volunteer service years.
- Growth in the number of accumulated volunteer service years would contribute to growth in revenue loss amounts in subsequent years, which could reach over \$100 million annually within ten years.
- Tax receipts from the personal income tax are deposited into the GRF. The GRF would bear 96.68% of any such revenue loss in FY 2020, or up to approximately \$61.9 million. The remaining 3.32% would be borne by the Local Government Fund (LGF, 1.66%) and Public Library Fund (PLF, 1.66%). Those funds would each lose up to approximately \$1.1 million in FY 2020.
- Any reduction in transfers to the LGF and PLF would decrease distributions from the funds to counties, municipalities, townships, public libraries, and other political subdivisions in the state by corresponding amounts.

### Detailed Analysis

The bill authorizes a refundable credit against the state personal income tax (PIT) for an eligible taxpayer who performs services as a volunteer emergency responder during the taxpayer's taxable year. Under the bill, a "volunteer emergency responder" includes a firefighter, an emergency medical technician (EMT), or peace officer who serves as a volunteer in that capacity for a public agency, nonprofit fire company, fire department, or emergency medical service organization and meets either of the following requirements: (1) the firefighter,

EMT, or peace officer, while serving as a volunteer in that capacity, went on at least 10% of the emergency response runs of the public agency, fire company, fire department, or emergency medical service organization for the year or (2) he or she, while serving as a volunteer, participated in at least 10% of any days on which volunteers performed services other than responding to emergency calls during a year.

The amount of the credit that a taxpayer may claim for a taxable year depends on the number of volunteer service years the taxpayer has accumulated. "Volunteer service years" for this purpose means years during which the taxpayer qualified as a volunteer emergency responder. The amount of the credit equals: (1) \$500 if the taxpayer has at least one and not more than five volunteer service years, (2) \$1,000 if the taxpayer has at least six and not more than ten volunteer service years, or (3) \$2,000 if the taxpayer has at least 11 volunteer service years. If the credit exceeds the amount of tax otherwise due, the excess must be refunded to the taxpayer.

The bill requires the head of the public agency, fire company, fire department, or emergency medical service organization with which the taxpayer serves as a volunteer to provide the taxpayer documentation regarding the number of volunteer service years for which the taxpayer served as a volunteer emergency responder. The taxpayer must also provide such documentation if it is requested by the Tax Commissioner.

## **Firefighters and emergency medical technicians**

According to active certifications data, published by the Ohio Department of Public Safety Division of Emergency Medical Services, as of March 2019, there were a total of 53,252 individuals with active certifications of emergency responders,<sup>1</sup> and therefore potentially eligible for the tax credit. LBO economists assume about 30% of such individuals had between one and five volunteer service years, 40% had between six and ten volunteer service years, and the remaining 30% had 11 or more volunteer service years; this assumption is informed by data on the number of new certifications issued during each of several recent fiscal years.

### **Fiscal effect**

Based on the number of firefighters and emergency medical technicians currently certified to perform the emergency responder duties described above, the revenue loss from the state PIT due to the refundable tax credit could be up to \$61 million in FY 2020, assuming the amendment is in effect for tax year 2019. This potential revenue loss assumes that all individuals certified to perform emergency responder duties choose to fulfill the volunteer requirements of the amendment draft. Though the volunteer rate will likely be below 100%, it may not be very far below that rate given the incentive created by the bill. Thus, the revenue loss would likely be below the \$61 million potential, but it may not be far below that level.

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<sup>1</sup> As of March 2019, there were a total of 53,252 active certifications. Of the total figure, there were a total of 14,308 individuals with active certifications only as emergency medical services providers, a total of 12,011 individuals with active certifications only as firefighters, and a total of 26,933 individuals with active dual certifications. Active certifications data from the Department of Public Safety are available at [https://www.publicsafety.ohio.gov/links/ems\\_cert\\_total.pdf](https://www.publicsafety.ohio.gov/links/ems_cert_total.pdf) (visited April 5, 2019).

To the extent that the bill encourages more volunteer activity by these individuals, the number of volunteer service years would grow, decreasing the number eligible for the \$500 credit, but increasing the number eligible for the \$2,000 credit. As this process continues, the revenue loss would likely grow gradually, potentially approaching \$107 million after ten years.

The GRF would bear 96.68% of the revenue loss in FY 2020 under codified law, meaning the GRF revenue loss would be up to approximately \$60 million. The remaining 3.32%, or up to \$2 million per year, would be borne by the LGF and PLF.<sup>2</sup>

## Peace officers

According to data included in an Ohio Peace Officer Academy's report,<sup>3</sup> approximately 5,252 volunteer deputies may be eligible to claim the refundable tax credit under the amendment. The refundable credit per eligible individual would be \$500, \$1,000, or \$2,000, depending on the number of volunteer service years. Assuming all volunteer deputies had only one year worth of volunteer service and claimed the tax credit in the first year, the estimated additional PIT revenue loss would be about \$2.6 million in FY 2020, assuming the tax credit is in effect for tax year 2019.

## Fiscal effect

The estimated revenue loss in FY 2020 could be higher if some of these deputies had more than six years of volunteer service in tax year 2019, making them eligible for a \$1,000 (or \$2,000) tax credit. The estimated amount of additional revenue loss could reach about \$10.5 million after ten years if all such deputies had accumulated ten years of volunteer service and claimed the tax credit. The actual revenue loss would depend on the number of eligible deputies that would take advantage of the credit in each tax year and the number of service years accumulated by such deputies.

With the GRF bearing 96.68% of the revenue loss in FY 2020, the GRF revenue loss would be up to approximately \$2.5 million. The remaining 3.32%, or up to \$0.1 million per year, would be borne by the LGF and PLF.

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<sup>2</sup> An uncodified law section in Am. Sub. H.B. 49 of the 132<sup>nd</sup> General Assembly increased the PLF allocation to 1.68%, rather than 1.66%, for FY 2018 and FY 2019. The Governor's recommended budget, H.B. 166 of the 133<sup>rd</sup> General Assembly, would continue the increased allocation through FY 2021.

<sup>3</sup> A copy of the 2018 Ohio Peace Officer Training Commission and Academy Fiscal Year Annual Report is posted on the Ohio Attorney General's website at [https://www.ohioattorneygeneral.gov/Files/Reports/OPOTA-Annual-Reports/OPOTC-FY-2018-Annual-Report\\_WEB](https://www.ohioattorneygeneral.gov/Files/Reports/OPOTA-Annual-Reports/OPOTC-FY-2018-Annual-Report_WEB).