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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 126**  
**135<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 126's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Mathews and A. Miller

**Local Impact Statement Procedure Required:** Yes

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### **Highlights**

- The exemption will reduce municipal income tax revenue for some municipalities that levy the tax, beginning in tax year 2023. Statewide municipal income tax revenue losses are uncertain, but may approach \$118,000 per year.

### **Detailed Analysis**

Under existing law, municipal corporations are required to exempt from municipal income tax the military pay and allowances of members of the U.S. Army, Navy, Air Force, Coast Guard, and Marine Corps; their respective reserve components; and the National Guard. The bill expands this required exemption to include the military pay and allowances of members of the Space Force, commissioned corps of the National Oceanic and Atmospheric Administration (NOAA), and Public Health Service (PHS). The exemption applies to taxable years beginning in or after 2023.

### **Fiscal effect**

The exemption would reduce municipal income tax revenue beginning in tax year 2023. Statewide municipal income tax revenue losses are uncertain, but the potential loss may approach \$118,000 per year.

According to data from the U.S. Public Health Service (USPHS) website,<sup>1</sup> there are over 6,000 USPHS officers working around the world, including nine officers in Ohio; however, the

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<sup>1</sup> Data for the PHS officers were derived from the Commissioned Corps of the U.S. Public Health Service website at: [usphs.gov/about-us](https://www.usphs.gov/about-us) (visited on May 11, 2023).

website did not provide data on those PHS officers' average salaries. Similarly, according to the Office of Marine and Aviation Operations (OMAO) website,<sup>2</sup> which is part of NOAA, an agency of the U.S. Department of Commerce, there are 330 NOAA Corps officers currently serving throughout various offices within the NOAA; these officers could be serving anywhere. In addition, based on the publication [NOAA In Your State Ohio \(PDF\)](#), at least two NOAA officers are currently working in Ohio. A federal employee database published on the U.S. Office of Personnel Management (OPM) website<sup>3</sup> indicates that, as of September 2022, there were 3,823 Space Force officers working throughout various locations in the U.S. and 170 in the Space Force headquarters, including 63 Space Force officers in Ohio.

In addition to the uncertainty regarding the number of individuals who potentially would be eligible for the exemption and their pay, there is uncertainty regarding the number of them who reside in a municipality that levies an income tax. Rates of municipal income tax in 2020 ranged from a low of 0.5% to a high of 3.0% across the municipalities in Ohio that do levy an income tax. Assuming that (1) all nine PHS officers and two NOAA officers are currently working in Ohio and receive average military pay of about \$108,000 per year,<sup>4</sup> (2) 63 Space Force officers are currently working in Ohio receiving average military pay of about \$75,000 per year, and (3) all 74 individuals reside in municipalities that levy a 2% municipal income tax, on average, the estimated statewide municipal income tax revenue loss would be about \$118,000 per year. The actual revenue loss could be lower or higher than the estimate, depending on the number of Space Force, NOAA, and PHS officers currently working and residing in Ohio; the officers' salaries; the location of their residences; and relevant municipal income tax rates. Most likely the actual loss would be lower, as it is unlikely that all of the estimated 74 officers live within a municipality that levies an income tax.

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<sup>2</sup> The NOAA Corps website is located at: [oma.noaa.gov/learn/noaa-corps/about](https://oma.noaa.gov/learn/noaa-corps/about) (visited on May 11, 2023).

<sup>3</sup> The OPM database is located at: [fedscope.opm.gov](https://fedscope.opm.gov) (visited on May 11, 2023).

<sup>4</sup> According to information posted on the USPHS website at: [usphs.gov/salary-and-benefits](https://usphs.gov/salary-and-benefits) (visited on May 11, 2023), "USPHS Commissioned Corps is not an armed service, Public Health Service officers enjoy many of the same benefits as their counterparts in the uniformed services." A USPHS officer receives various types of monetary compensation, including bonuses between \$30,000 and \$400,000. In addition, based on [Salary Details for a Commissioned Corps Officer at US Public Health Service](#), total pay is about \$108,120 per year including bonus of about \$5,522 per year.