

Chair Roemer, Vice Chair Merrin, Ranking Member Troy, and all honorable members of the House Ways & Means Committee, thank you for the opportunity to testify in support of HB 126.

My name is Alan Echt. I served in the Commissioned Corps of the U.S. Public Health Service for 30 years. I retired at the rank of Captain in 2020. In my last assignment, I was a research industrial hygienist assigned to the Office of Construction Safety and Health of the National Institute for Occupational Safety and Health (NIOSH), in Cincinnati. My wife Lisa and I live in Deerfield Township.

In February, Rep. Mathews and I discussed Ohio's municipal income tax exemption for military pay and allowances and how the exemption excludes service members of the U.S. Public Health Service (USPHS) Commissioned Corps and the National Oceanic and Atmospheric Administration (NOAA) Commissioned Corps. After our discussion, Rep. Mathews introduced HB 126.

Section 718.01(C)(1) of the Revised Code defines "exempt income" "(1) The military pay or allowances of members of the armed forces of the United States or members of their reserve components, including the national guard of any state;" by using the term "armed forces," the definition omits the pay and allowances of USPHS and NOAA service members.<sup>1</sup>

There are eight United States Uniformed Services – the Army, Navy, Marine Corps, Coast Guard, Air Force, Space Force, Commissioned Corps of the USPHS, and the NOAA Commissioned Corps. The Armed Forces (the Army, Navy, Marine Corps, Coast Guard, Air Force, and Space Force) is defined as a subset of the Uniformed Services (37 USC 101(3) and 10 USC 101(a)(5)). Parity for the USPHS and NOAA Corps with the Armed Forces is very important to me and my fellow officers the USPHS and NOAA Corps.

The USPHS Corps and NOAA Corps members are paid according to the federal military pay scale, and they receive the same basic housing and subsistence allowances that members of the Armed Forces receive (37 USC 101(3), 402, 403, and 42 USC 204(a)(2)). An active-duty USPHS officer's pay stub and W-2 use the term "military pay."

Ohio's exemption of military pay and allowances from municipal income tax dates from 1957, when the General Assembly enacted the Uniform Municipal Income Tax Law. Subsequent bills exempted members of the reserve components and the National Guard from municipal income tax. Congress first defined "member of a uniformed service" to include a commissioned officer of the Coast and Geodetic Survey Corps (NOAA's precursor) and USPHS Corps in 1956 and Congress included members of the Armed Forces in that same definition (Service Members' and Veterans' Survivor Benefits Act, ch. 837, 70 Stat 857). The authors of Ohio's Uniform Municipal Income Tax Law may not have been aware of that definition. Thus, omitting the USPHS and NOAA Corps from the exemption was probably an oversight.

In the 132<sup>nd</sup> GA (2017-2018), Representatives Perales and Butler (veterans of the Air Force and Navy) introduced HB 351 to exempt the military pay of USPHS Corps and NOAA Corps members from municipal

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<sup>1</sup> RC 5903.01 (Veterans' Rights) defines Armed Forces to include the USPHS Corps and NOAA Corps: "Armed forces" means the armed forces of the United States, including the army, navy, air force, marine corps, coast guard, or any reserve components of those forces; the national guard of any state; **the commissioned corps of the United States public health service**; the merchant marine service during wartime; **such other service as may be designated by congress**; or the Ohio organized militia when engaged in full-time national guard duty for a period of more than thirty days.

income tax. That bill passed the House 95-0 and was voted out of the Senate Ways and Means Committee 5-0, but HB 351 was never brought before the full Senate for a vote.

Currently, only 54 active duty USPHS officers and two members of the USPHS Ready Reserve live and work in Ohio. Thirty-one active duty USPHS officers are currently assigned to NIOSH in Cincinnati. Three of those 31 officers live in Kentucky, and one lives in Indiana. Among the remaining 27 officers, only 10 live in communities that levy a municipal income tax. Anecdotally, two of them told me that their municipalities, Springboro and Amberly Village, recognize their active-duty status and exempt their income. The other USPHS officers stationed in Ohio work at the EPA and FDA in Cincinnati, Wright Patterson Medical Center in Fairborn, the Elkton Federal Correctional Institution in Elkrun Township, and elsewhere in Ohio. Some of those service members are likely to live in municipalities that do not levy an income tax. Thus, the total cost of amending RC 718.01(C)(1), as well as the cost to any one municipality is likely to be a minimal amount.

Thank you for the opportunity to present my views and support HB 126. I will be happy to answer any questions that the Committee may have.

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May 16, 2023