



**OHIO SENATE GOVERNMENT OVERSIGHT  
AND REFORM COMMITTEE  
May 14, 2025  
Interested Party Testimony  
Am. Sub. H.B. No. 96 – State Operating Budget**

Chair Manchester, Vice Chair Brenner, Ranking Member Weinstein, and members of the Senate Government Oversight and Reform Committee, my name is Gordon Gatien, Director of External Relations for the Ohio Public Employees Retirement System (OPERS). OPERS appreciates the opportunity to provide testimony on the provision within Amended Substitute House Bill 96 (H.B. 96) that would require the Ohio public retirement systems (Systems) to withhold local school district income taxes from the benefits we pay to our retired members and their beneficiaries.

As a matter of background, OPERS is the largest state retirement system in Ohio and the 14<sup>th</sup> largest public retirement system in the nation. Currently, we have more than \$115 billion in assets under management, which is held in trust set aside to provide secure retirement benefits for Ohio's public employees. More than 1.2 million active, inactive, and retired public employees – almost one of out every 10 Ohioans – will rely on OPERS in some way for their retirement needs. Last year OPERS paid out more than \$8 billion in pension benefits and health care coverage. Approximately 89 percent of our members remain in Ohio after they retire, so a significant part of these payments flow into local economies throughout the State. Those funds are always there – in good times and bad – helping to sustain businesses and generate economic activity, and reduce reliance on social safety net programs.

Under current law, the Systems already maintain authority to promulgate rules regarding the withholding of state and federal taxes from members' pension benefits. H.B. 96 would require the Systems to also offer their members the option to withhold local school district income taxes.

Setting aside whether these changes are necessary, OPERS has sought to engage with the Department of Taxation in good faith to address deficiencies with the language as drafted and passed by the House of Representatives.

It is our understanding the Department of Taxation did not intend to remove the Systems' rule-making authority and, subsequently, staff have agreed conceptually on amended language. The language would reinsert the Systems' rule-making authority over their administration of the tax withholding process and delete the language that provides for the Tax Commissioner's rule-making authority over the Systems.

Further, we remain concerned about the resources needed to address a relatively small number of our retired members (i.e., less than 20 percent). Staff have estimated that implementing programming changes necessary to accommodate these requirements would take between seven and nine months. Therefore, we ask that H.B. 96 be amended

to extend the implementation date to January 1, 2027. This would allow us to budget time and resources (not budgeted in 2025) to accurately comply with the withholding requirements called for in the bill.

It should be noted that the ORSC recently voted to disapprove the Taxation provision, suggesting that if it must remain, the bill should be amended to remove the Tax Commissioner rulemaking authority over the Systems and delay the implementation date.

OPERS wholeheartedly supports the Council's actions and asks that H.B. 96 be amended accordingly.

As a final comment, OPERS' leadership recently conducted a series of "road shows" with members and retirees. When told about this new requirement for the retirement systems, our retirees were most concerned about the OPERS spending resources to implement this school income tax withholding. Of those retirees who are required to withhold for school district income tax, most individuals explained that they have made the necessary financial arrangements to accommodate this withholding and do not believe that OPERS resources should be devoted to this project.

Again, Madame Chair, and members of the Committee, thank you for your consideration of these amendment requests.