

As Introduced

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H. B. No. 473

Representative Thomas, D.

Cosponsors: Representatives Fischer, Gross, Hiner, King

To amend sections 145.47, 742.31, 3307.27, 3309.47,
4117.08, and 5505.15 of the Revised Code to
prohibit a public employer from paying employee
contributions to a state retirement system.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 145.47, 742.31, 3307.27, 3309.47,
4117.08, and 5505.15 of the Revised Code be amended to read as
follows:

Sec. 145.47. (A) Each public employee who is a contributor
to the public employees retirement system shall contribute eight
per cent of the contributor's earnable salary to the employees'
savings fund, except that the public employees retirement board
may raise the contribution rate to a rate not greater than ten
per cent of the employee's earnable salary.

The contributions required under this section shall not be
paid by an employer on a contributor's behalf, but may be
treated as employer contributions for purposes of state and
federal income tax deferred income provisions.

(B) The head of each state department, institution, board,
and commission, and the fiscal officer of each local authority

subject to this chapter, shall transmit to the system for each 20
contributor subsequent to the date of coverage an amount equal 21
to the applicable per cent of each contributor's earnable salary 22
at such intervals and in such form as the system shall require. 23
The head of each state department and the fiscal officer of each 24
local authority subject to this chapter shall transmit promptly 25
to the system a report of contributions at such intervals and in 26
such form as the system shall require, showing thereon all the 27
contributions and earnable salary of each contributor employed, 28
together with warrants, checks, or electronic payments covering 29
the total of such deductions. A penalty shall be added when such 30
report, together with warrants, checks, or electronic payments 31
to cover the total amount due from the earnable salary of all 32
amenable employees of such employer, is filed thirty or more 33
days after the last day of such reporting period. The system, 34
after making a record of all receipts under this division, shall 35
deposit the receipts with the treasurer of state for use as 36
provided by this chapter. 37

(C) Unless the board adopts a rule under division (D) of 38
this section, the penalty described in division (B) of this 39
section for failing to timely transmit a report, pay the total 40
amount due, or both is as follows: 41

(1) At least one but not more than ten days past due, an 42
amount equal to one per cent of the total amount due; 43

(2) At least eleven but not more than thirty days past 44
due, an amount equal to two and one-half per cent of the total 45
amount due; 46

(3) Thirty-one or more days past due, an amount equal to 47
five per cent of the total amount due. 48

The penalty described in this division shall be added to 49
and collected on the next succeeding regular employer billing. 50
Interest at a rate set by the retirement board shall be charged 51
on the amount of the penalty in case such penalty is not paid 52
within thirty days after it is added to the regular employer 53
billing. 54

(D) The board may adopt rules to establish penalties in 55
amounts that do not exceed the amounts specified in divisions 56
(C) (1) to (3) of this section. 57

(E) In addition to the periodical reports of deduction 58
required by this section, the fiscal officer of each local 59
authority subject to this chapter shall submit to the system at 60
least once each year a complete listing of all noncontributing 61
appointive employees. Where an employer fails to transmit 62
contributions to the system, the system may make a determination 63
of the employees' liability for contributions and certify to the 64
employer the amounts due for collection in the same manner as 65
payments due the employers' accumulation fund. Any amounts so 66
collected shall be held in trust pending receipt of a report of 67
contributions for such public employees for the period involved 68
as provided by law and, thereafter, the amount in trust shall be 69
transferred to the employees' savings fund to the credit of the 70
employees. Any amount remaining after the transfer to the 71
employees' savings fund shall be transferred to the employers' 72
accumulation fund as a credit of such employer. 73

(F) The fiscal officer of each local authority subject to 74
this chapter shall require each new contributor to submit to the 75
system a detailed report of all the contributor's previous 76
service as a public employee along with such other facts as the 77
board requires for the proper operation of the system. 78

(G) Any member who, because of the member's own illness, 79
injury, or other reason which may be approved by the member's 80
employer is prevented from making the member's contribution to 81
the system for any payroll period, may purchase service credit 82
for the period of absence within one year. Credit shall be 83
purchased under this division in accordance with section 145.29 84
of the Revised Code. 85

Sec. 742.31. (A) Except as provided in division (B) of 86
this section, each employee shall contribute an amount equal to 87
a percentage of the employee's salary to the Ohio police and 88
fire pension fund according to the following schedule: 89

(1) For salary earned in pay periods beginning not later 90
than July 1, 2013, ten per cent; 91

(2) For salary earned in pay periods beginning not earlier 92
than July 2, 2013, but not later than July 1, 2014, ten and 93
three-quarters per cent; 94

(3) For salary earned in pay periods beginning not earlier 95
than July 2, 2014, but not later than July 1, 2015, eleven and 96
one-half per cent; 97

(4) For salary earned in pay periods beginning not earlier 98
than July 2, 2015, twelve and one-quarter per cent. 99

(B) Following the actuarial investigation required by 100
division (B) of section 742.14 of the Revised Code due on 101
November 1, 2017, and following each quinquennial actuarial 102
investigation thereafter, if, in consultation with the board's 103
actuary, the board determines that an adjustment to the 104
contribution rate is appropriate, the board may, in accordance 105
with rules adopted under section 742.10 of the Revised Code, do 106
either of the following: 107

(1) If the board's determination is that an increase in 108
the contribution rate is necessary to preserve the fiscal 109
integrity of the fund, increase the contribution rate; 110

(2) If the board's determination is that a decrease in the 111
contribution rate would not materially impair the fiscal 112
integrity of the fund, decrease the contribution rate. 113

(C) The contributions required under this section shall 114
not be paid by an employer on an employee's behalf, but may be 115
treated as employer contributions for purposes of state and 116
federal income tax deferred income provisions. 117

(D) The amount shall be deducted by the employer from the 118
employee's salary as defined in division (L) of section 742.01 119
of the Revised Code for each payroll period, irrespective of 120
whether the minimum compensation provided by law for the 121
employee is reduced thereby. Every employee shall be deemed to 122
consent to the deductions, and payment to the employee less the 123
deductions is a complete discharge and acquittance of all claims 124
and demands for the services rendered by the employee during the 125
period covered by such payment. 126

Sec. 3307.27. The contributions required under section 127
3307.26 of the Revised Code shall not be made by an employer on 128
a teacher's behalf, but may be treated as paid by the employer 129
in accordance with division (h) of section 414 of the "Internal 130
Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 414(h), as 131
amended. 132

Sec. 3309.47. Each school employees retirement system 133
contributor shall contribute eight per cent of the contributor's 134
compensation to the employees' savings fund, except that the 135
school employees retirement board may raise the contribution 136

rate to a rate not greater than ten per cent of compensation. 137

The contributions required under this section shall not be 138
paid by an employer on a contributor's behalf, but may be 139
treated as employer contributions for purposes of state and 140
federal income tax deferred income provisions. 141

The contributions by the direction of the school employees 142
retirement board shall be deducted by the employer from the 143
compensation of each contributor on each payroll of such 144
contributor for each payroll period and shall be an amount equal 145
to the required per cent of such contributor's compensation. On 146
a finding by the board that an employer has failed or refused to 147
deduct contributions for any employee during any year and to 148
transmit such amounts to the retirement system, the retirement 149
board may make a determination of the amount of the delinquent 150
contributions, including interest at a rate set by the 151
retirement board, from the end of each year, and certify to the 152
employer the amounts for collection. If the amount is not paid 153
by the employer, it may be certified for collection in the same 154
manner as payments due the employers' trust fund. Any amounts so 155
collected shall be held in trust pending receipt of a report of 156
contributions for the employee for the period involved as 157
provided by law and, thereafter, the amount in trust shall be 158
transferred to the employee's savings fund to the credit of the 159
employee. Any amount remaining after the transfer to the 160
employees' savings fund shall be transferred to the employers' 161
trust fund as a credit of the employer. 162

Additional deposits may be made to a member's account. At 163
retirement, the amount deposited with interest may be used to 164
provide additional annuity income. The additional deposits may 165
be refunded to the member before retirement, and shall be 166

refunded if the member withdraws the member's refundable amount. 167
The deposits may be refunded to the beneficiary or estate if the 168
member dies before retirement, and the board shall determine 169
whether regular interest shall be credited to deposits thus 170
refunded. 171

Sec. 4117.08. (A) All matters pertaining to wages, hours, 172
or terms and other conditions of employment and the 173
continuation, modification, or deletion of an existing provision 174
of a collective bargaining agreement are subject to collective 175
bargaining between the public employer and the exclusive 176
representative, except as otherwise specified in this section 177
and division (E) of section 4117.03 of the Revised Code. 178

(B) ~~Neither~~ All of the following are not appropriate 179
subjects for collective bargaining: 180

(1) The conduct and grading of civil service examinations, 181
the rating of candidates, the establishment of eligible lists 182
from the examinations, and the original appointments from the 183
eligible lists; 184

(2) For collective bargaining agreements that are entered 185
into on or after ~~the effective date of this amendment~~ September 186
30, 2025, the ability of state employees to perform their duties 187
at a location designated as a worksite; 188

(3) For collective bargaining agreements entered into on 189
or after the effective date of this amendment, the payment of a 190
contribution by a public employer to the public employees 191
retirement system, Ohio police and fire pension fund, state 192
teachers retirement system, state highway patrol retirement 193
system, or school employees retirement system on behalf of an 194
employee, contributor, or teacher, as applicable, that the 195

employee, contributor, or teacher otherwise is required to pay. 196

(C) Unless a public employer agrees otherwise in a 197
collective bargaining agreement, nothing in Chapter 4117. of the 198
Revised Code impairs the right and responsibility of each public 199
employer to: 200

(1) Determine matters of inherent managerial policy which 201
include, but are not limited to, areas of discretion or policy 202
such as the functions and programs of the public employer, 203
standards of services, its overall budget, utilization of 204
technology, and organizational structure; 205

(2) Direct, supervise, evaluate, or hire employees; 206

(3) Maintain and improve the efficiency and effectiveness 207
of governmental operations; 208

(4) Determine the overall methods, process, means, or 209
personnel by which governmental operations are to be conducted; 210

(5) Suspend, discipline, demote, or discharge for just 211
cause, or lay off, transfer, assign, schedule, promote, or 212
retain employees; 213

(6) Determine the adequacy of the work force; 214

(7) Determine the overall mission of the employer as a 215
unit of government; 216

(8) Effectively manage the work force; 217

(9) Take actions to carry out the mission of the public 218
employer as a governmental unit. 219

The employer is not required to bargain on subjects 220
reserved to the management and direction of the governmental 221
unit except as affect wages, hours, terms and conditions of 222

employment, and the continuation, modification, or deletion of 223
an existing provision of a collective bargaining agreement. A 224
public employee or exclusive representative may raise a 225
legitimate complaint or file a grievance based on the collective 226
bargaining agreement. 227

Sec. 5505.15. (A) A member of the state highway patrol 228
retirement system shall contribute a certain percentage of the 229
member's annual salary to the state highway patrol retirement 230
fund. The percentage shall be not less than ten per cent of the 231
member's annual salary but not more than fourteen per cent. The 232
state highway patrol retirement board shall establish and may 233
adjust the rate as it considers necessary to meet the 234
amortization period requirement of section 5505.121 of the 235
Revised Code. The board shall base its determination of the 236
necessary rate on the annual actuarial valuation required by 237
section 5505.12 of the Revised Code. The amount shall be 238
deducted by the employer from the employee's salary for each 239
payroll period. 240

The contributions required under this section shall not be 241
paid by an employer on an employee's behalf, but may be treated 242
as employer contributions for purposes of state and federal 243
income tax deferred income provisions. 244

(B) The state shall annually pay into the employer 245
accumulation fund, in monthly or less frequent installments as 246
the state highway patrol retirement board requires, the employer 247
contribution. The employer contribution shall be an amount equal 248
to twenty-six and one-half per cent of the total salaries paid 249
contributing members. If a member severs connection with the 250
patrol or is dismissed, the employer contribution shall remain 251
in the retirement system. 252

The rate percentage of the employer contribution shall be 253
certified by the board to the director of budget and management 254
and shall not be lower than nine per cent of the total salaries 255
paid contributing members and shall not exceed three times the 256
rate percentage being deducted from the annual salaries of 257
contributing members. The board shall prepare and submit to the 258
director, on or before the first day of November of each even- 259
numbered year, an estimate of the amounts necessary to pay the 260
state's obligations accruing during the biennium beginning the 261
first day of July of the following year. Such amounts shall be 262
included in the budget and allocated as certified by the board. 263

Section 2. That existing sections 145.47, 742.31, 3307.27, 264
3309.47, 4117.08, and 5505.15 of the Revised Code are hereby 265
repealed. 266

Section 3. The amendment by this act of sections 145.47, 267
3307.27, and 3309.47 of the Revised Code applies to an 268
employment contract with an employee of a school district or 269
other public school entered into on or after the effective date 270
of this section. 271