



CITY MANAGER'S OFFICE

L. Paul Oberdorfer – City Manager
201 West Water Street * Piqua, Ohio 45356
(937) 778-2051 - FAX (937) 778-2048
E-Mail: poberdorfer@piquaoh.org

November 27, 2023

Chair Mathews, Vice Chair King, Ranking Member Lightbody, and members of the Ohio House Pensions Committee:

On behalf of the City of Piqua, I submit this testimony *in opposition* to the “As Introduced” version of House Bill 296.

Protecting the safety of our community is the most critical responsibility of the City of Piqua. Our community firmly supports its police and fire personnel and their families, and the City duly prioritizes this commitment through the annual investment made in our first responders. A significant portion of Piqua’s general fund budget goes toward police operations, and a substantial portion of our community’s property tax dollars support fire operations annually. Of this, a majority of expenditures for each public safety department are personnel costs.

HB296 would increase the contribution amounts that employers of full-time municipal police officers must make to the Ohio Police and Fire Pension Fund from the current 19.50% for police and 24% for firefighters to 24% for both beginning on January 1, 2027. Even if introduced incrementally over the four years prescribed in the “As Introduced” version of the legislation, this contribution increase would represent a substantial new mandate for the City’s fiscal management.

Based on the pensionable wages for police and fire the City expects to pay out through the end of 2023, the current version of HB296 would raise Piqua’s employer contribution payments by \$57,520 during the first year of the phase-in and ultimately result in a year-over-year increase of \$191,307 by 2027. This calculation does not consider any potential wage increases the City may authorize for our police and fire departments at that time. Indeed, we anticipate HB296 would manifest unintended consequences hindering the City’s ability to commit additional fiscal resources to needed recruitment, training, or other incentives supporting our police and fire personnel when our required pension obligation increases to this unsustainable level. The full impact of the \$191,307 increase in 2027 would equate to hiring or retaining two (2) police officers.

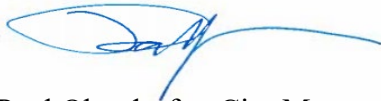
Most of the City’s funding comes from Income Tax Collections. The municipality income tax rate is 2%. Of that 2%, 48% goes to our public safety, and 44% goes to our general fund. As it currently stands, 48% of our Income Tax Collections presently going to our Safety Fund do not

cover the current salaries and benefits for Safety. The General Fund must appropriate an approximate \$3.5million transfer from the General Fund to the Safety Fund to cover the deficit.

The City of Piqua works diligently to manage our use of taxpayer dollars in applications that balance the well-being of our residents and businesses with investments that drive continued growth for the community into the future. Our success in executing this responsibility to the public depends on our ability to make fiscal decisions responsive to an ever-shifting field of needs and opportunities that local governments face. The General Assembly can best support our City by upholding our home rule authority to independently direct investments in our public safety departments as the community deems appropriate.

For these reasons, I respectfully ask this Committee to oppose HB296 in its current form and continue seeking workable alternatives with the Ohio Municipal League as development proceeds on this legislation. I appreciate your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Oberdorfer', with a long horizontal flourish extending to the right.

Paul Oberdorfer, City Manager