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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 296
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 296's Bill Analysis](#)

Version: As Reported by House Pensions

Primary Sponsors: Reps. Abrams and Hall

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill would increase contribution rates for the employers of police officers who are members of the Ohio Police and Fire Pension Fund (OP&F), increasing the costs of applicable public employers. The estimated additional contribution costs for such employers statewide would be about \$11.6 million in pay periods between July 1, 2025 and June 30, 2026 (i.e., FY 2026), and \$24.0 million in pay periods between July 1, 2026 and June 30, 2027 (i.e., FY 2027). When the rate increases are fully implemented in the pay periods beginning July 1, 2030, the estimated additional contribution costs would be about \$81.9 million in FY 2031. Cost increases in subsequent years would grow proportionally with statewide payroll for police officers.
- Whereas this analysis assumes 3.25% growth in aggregate wages, the actual amount of additional contributions that must be made by applicable public employers to OP&F would depend on the actual number of police officers that are employed by such employers and the officers' earned salaries in each pay period.
- The bill increases the contribution rate for OP&F members from 12.25% to 12.5% for salary earned in pay periods beginning not earlier than July 1, 2030. This reduces taxable income in FY 2031 because the employee contributions made to the pension plan are not taxed until they are withdrawn from the plan. Thus, it would decrease the state personal income tax (PIT) receipts beginning in FY 2031. Any revenue loss is likely minimal. The GRF would bear 96.6% of any revenue loss. The remaining 3.4% of such loss would be borne by the Local Government Fund (LGF) and Public Library Fund (PLF), as each fund receives 1.7% of state GRF tax revenue under current codified law.
- The bill has no direct fiscal effect on state agencies.

Detailed Analysis

Police officer employers' contribution rate

The bill increases contribution rates for employers of police officers (i.e., the employer's share of the contribution) that must be paid to the Ohio Police and Fire Pension Fund (OP&F) from 19.5% of payroll in calendar year (CY) 2024 to the rates shown in Table 1 below. The bill does not make any changes to contribution rates for employers of firefighters.

Salaries Earned in Pay Period	Proposed OP&F Contribution Rate for Police Officer Employers
Between July 1, 2025 and June 30, 2026	20.25%
Between July 1, 2026 and June 30, 2027	21.00%
Between July 1, 2027 and June 30, 2028	21.75%
Between July 1, 2028 and June 30, 2029	22.50%
Between July 1, 2029 and June 30, 2030	23.25%
July 1, 2030 and thereafter	24.00%

Employee contribution rate to OP&F

The bill increases the contribution rate for OP&F members from 12.25% to 12.5% for salary earned in pay periods beginning not earlier than July 1, 2030.

Fiscal effect

Police officer employers' contribution rate

Increasing employer contribution rates would increase the costs that must be contributed by police officer employers to OP&F. Requiring an increase in the employer contribution rate for police officers would increase required contributions by public employers statewide by an estimated \$11.6 million in pay periods between July 1, 2025 and June 30, 2026 (i.e., FY 2026), and by an estimated \$81.9 million in pay periods between July 1, 2030 and June 30, 2031 (i.e., FY 2031), when the required rate increase is fully implemented. Table 2 shows estimated required contributions by public employers statewide in the pay periods from FY 2026 through FY 2031. This analysis assumes aggregate wages will grow 3.25% per year, but the actual increase in contributions that must be made by each public employer to OP&F would depend on the actual number of police officers that are employed by such employer and the officers' earned salaries in each pay period.

Year	Additional Contributions from Police Officer Employers
Between July 1, 2025 and June 30, 2026	\$11.6 million
Between July 1, 2026 and June 30, 2027	\$24.0 million
Between July 1, 2027 and June 30, 2028	\$37.2 million
Between July 1, 2028 and June 30, 2029	\$51.2 million
Between July 1, 2029 and June 30, 2030	\$66.1 million
Between July 1, 2030 and June 30, 2031	\$81.9 million

The estimated additional required contributions for statewide police officer employers were calculated using police officers' annual salaries as of January 1, 2023, derived from an [OP&F 2023 Annual Comprehensive Financial Report](#),¹ and the bill's proposed contribution rates. As of that date, total annual salaries for police officers statewide were about \$1.39 billion. The estimates assumed that such officers receive a 3.25% salary increase during CY 2023 and each year thereafter. Estimated breakdowns of additional required contributions by individual local governments are undetermined due to lack of information on the number of police officers employed by each local government and the amount of salaries earned by such officers in each pay period.

Employee contribution rate to OP&F

An employee's contributions that are withheld from the employee's paycheck and paid to OP&F are not taxable currently. This reduces taxable income in FY 2031 because the employee contributions made to the pension plan are not taxed until they are withdrawn from the plan. Thus, this provision would decrease the state personal income tax (PIT) receipts beginning in FY 2031. Any revenue loss is likely minimal. The GRF would bear 96.6% of any revenue loss. The remaining 3.4% of such revenue loss would be borne by the Local Government Fund (LGF) and Public Library Fund (PLF), as each fund receives 1.7% of state GRF tax revenue under the current codified law.

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¹ Source: Police officers' annual salaries, derived from page 122, as of January 1, 2023; there were 15,612 active police officers with an average annual salary of \$88,830.