Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 215 of the 130th G.A.   **Date**:   December 9, 2013

Status: As Passed by the House   **Sponsor**:   Rep. DeVitis

Local Impact Statement Procedure Required: No

Contents: Authorizes a school to engage volunteer law enforcement officers to patrol school premises and provides a tax credit for volunteers

State Fiscal Highlights

- The bill creates a nonrefundable personal income tax credit of up to $500 per year for volunteers providing safety and security services for schools. Any loss of revenue as a result the credit will be determined by the number of such volunteers. For example, if each of the approximately 4,250 schools in Ohio were to secure a volunteer, the loss would be about $2.1 million per year.

Local Fiscal Highlights

- A percentage (1.66% each) of personal income tax revenue is deposited to the Local Government Fund and the Public Library Fund. If personal income tax revenues decrease due to the credit created by the bill, state distributions to counties, municipal corporations, and public libraries from these two funds will also decrease.
- The bill may increase the administrative burden of county sheriffs who must maintain a list of qualified volunteers.
- The bill may decrease expenditures for schools that are able to replace paid services with volunteer services.

Detailed Fiscal Analysis

Overview

The bill authorizes a board of education or governing authority of a school to enter into an agreement with a volunteer who is a current or retired law enforcement officer to patrol school premises for up to nine hours per week to prevent or respond to a mass casualty event. The bill provides a nonrefundable income tax credit of up to $500 per year for the volunteer services described in the bill. It also provides immunity to a board of education or volunteer from civil liability for injury, death, or loss arising from the volunteer's services.

Income tax credit

The nonrefundable tax credit against state personal income taxes created by the bill is figured at $2 per hour or part of an hour of service. The credit amount claimed may be up to $500 per taxable year, not including any credit carried forward from a prior year. Any credit in excess of the officer's state personal income taxes due in a given year may be carried forward for three taxable years. The fiscal effect of this credit depends on the number of volunteers and the number of hours of service each volunteer provides. There are about 3,500 public school buildings and 750 chartered nonpublic school buildings in Ohio. If, for example, a volunteer was engaged at each school and each volunteer claimed $500 in credits, the loss of income tax revenue would total about $2.1 million. The potential revenue loss could be higher than this, if more volunteers are engaged. On the other hand, the revenue loss could be lower, if fewer volunteers are engaged.

A loss of state tax revenue from the personal income tax is largely borne by the state as a reduction in GRF revenues. However, local governments may also be affected as each of the Local Government Fund (Fund 7069) and the Public Library Fund (Fund 7065) receives 1.66% of state personal income tax revenue. If the total tax loss is $2.1 million, as in the example above, both Fund 7069 and Fund 7065 would see a reduction of about $35,000. The balance of the loss would be borne by the GRF. The bill specifies that its provisions go into effect in the tax year ending on or after the bill's effective date. If the bill became effective in tax year 2014, little if any loss of tax revenues is likely before FY 2015.

Local governments

As mentioned above, local governments may see a reduction in revenue due to losses in the local government and public library funds. There may be additional fiscal effects for county sheriffs and public schools. The bill requires county sheriffs to maintain a list of qualified volunteers, which may result in an increase in each sheriff's administrative burden. Public schools may be able to reduce expenditures by using volunteers instead of paid staff to patrol school premises.