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136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 195's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Schaffer

Local Impact Statement Procedure Required: Yes

Jared Cape, Budget Analyst, and other LBO staff

Highlights

Tax benefits

- The bill provides enhanced homestead exemption for volunteer firefighters, with GRF reimbursement estimated up to \$4.2 million in FY 2027 and \$8.4 million in FY 2028.
- The bill establishes two nonrefundable personal income tax credits, one for individual volunteer firefighters, and the other for employers providing volunteer firefighting leave, totaling reduction of GRF revenue by up to \$8.5 million in FY 2027.

State Fire Marshal

- The bill appropriates \$5.0 million in FY 2026 under GRF appropriation line item (ALI) 800503, Community Assistance Program – Emergency Services, for the State Fire Marshal to provide grants to volunteer fire departments to construct new, renovate, or expand facilities.
- The bill increases the minimum share of the foreign insurance company retaliatory tax on fire insurance policies that is deposited into the State Fire Marshal Fund (Fund 5460) from 20% to 25%. This will result in additional receipts for Fund 5460 and a corresponding loss for the GRF.

Higher education tuition waivers for volunteer firefighters

- State institutions of higher education will forego revenue, perhaps totaling in the millions of dollars annually, to waive tuition for up to two years of study for eligible volunteer firefighters. Ultimately, the amount of foregone revenue will depend on the number of eligible volunteer firefighters that choose to participate in the program and the tuition otherwise charged by the state institution the participant chooses to attend.

Detailed Analysis

Tax benefits

The bill provides enhanced homestead exemptions for volunteer firefighters and personal income tax credits for volunteer firefighters and their employers. The sections below provide the detailed explanation.

Homestead exemption

The bill establishes an enhanced homestead exemption for volunteer firefighters with at least one year of service. Assuming the bill takes effect beginning in tax year (TY) 2026, GRF reimbursements from this exemption are estimated up to \$4.2 million in FY 2027 and \$8.4 million in FY 2028. The exemption is similar to existing enhanced homestead exemptions: it applies to the inflation-indexed amount of \$56,000, is not subject to income qualification, and extends to a firefighter's surviving spouse until the spouse dies or remarries. According to the Department of Public Safety (DPS), there are 8,444 active volunteer firefighters in Ohio as of September 2025. The estimate assumes that all are eligible, which would increase GRF reimbursements by up to \$8.3 million in TY 2026.

As with current homestead exemptions, local taxing units would be fully reimbursed by the state for the resulting reduction in property tax revenue. Since property taxes are generally paid in two installments in the following year (February and August), with reimbursements occurring shortly thereafter, the fiscal effect in FY 2027 would be partial, while FY 2028 and subsequent years would reflect a full-year impact.

Personal income tax credits

The bill authorizes two nonrefundable personal income tax (PIT) credits. The first credit is available to individuals who served as volunteer firefighters for the entire taxable year. The credit amount equals 50% of the taxpayer's total PIT liability after accounting for all other credits. Assuming the bill takes effect beginning in TY 2026, it is expected to reduce GRF revenue by approximately \$2.8 million to \$4.3 million in FY 2027. Due to limited data on current volunteer firefighters' taxable income, LBO assumes that the taxable nonbusiness income of eligible volunteers ranges between roughly \$44,900 (median taxpayer) and \$58,600 (60th percentile). Of the total estimated GRF revenue loss, 1.75% is expected to be distributed to the Local Government Fund (LGF).

The second PIT credit under the bill is available to employers that pay volunteer firefighting leave benefits to their employees. The credit equals the amount of leave benefits paid, up to \$500 per employee per tax year, with a maximum of \$5,000 per employer annually. The potential maximum PIT revenue loss from this credit would be \$4.2 million, although the actual amount could be lower if individual leave benefits are less than \$500 or if the per-employer cap limits the total credit.

State Fire Marshal

Grants for volunteer firefighter facilities

Within the Department of Commerce, the bill appropriates \$5.0 million in FY 2026 under GRF appropriation line item (ALI) 800503, Community Assistance Program – Emergency Services, for the State Fire Marshal to provide grants to volunteer fire departments to construct a new,

renovate, or expand an existing facility for (1) firefighting, (2) ambulance, (3) emergency medical, or (4) rescue services. The bill prohibits a department from using a grant to purchase equipment and other appliances. The State Fire Marshal must determine the process for applying for a grant, the criteria for awarding a grant, and the amount and number of grants that may be awarded.

Volunteer fire department grant program

Under the bill, the State Fire Marshal must establish a grant program to assist in funding volunteer fire department cadet programs and explorer programs. The bill does not establish additional appropriations or earmark funding to support this grant program. Presumably, this grant program would be funded out of any available funding appropriated under (1) Fund 5460 ALI 800610, Fire Marshal, or more likely, (2) Fund 5460 ALI 800639, Fire Department Grants. H.B. 96 provided funding of \$15.5 million in FY 2026 and \$7.5 million in FY 2027 for certain equipment and training grants under the latter ALI.

Foreign insurance company retaliatory tax

The bill increases the minimum share of the foreign insurance company retaliatory tax from the sale of fire insurance that is deposited into the State Fire Marshal Fund (Fund 5460) from 20% to 25%. Under current law, 20% of the revenue from taxes imposed on fire insurance sold to Ohio residents is deposited into Fund 5460 to assist in paying the expenses of the State Fire Marshal and the Ohio Fire Academy, with the remaining portion deposited into the GRF. Consequently, the gain in foreign insurance retaliatory tax going to Fund 5460 under the bill will be offset by a corresponding loss to the GRF. Department of Insurance records show that Fund 5460 collected approximately \$30.0 million from the 20% diversion in TY 2025 and \$27.6 million in TY 2024. Given the TY 2025 amount deposited into Fund 5460, the new minimum established in the bill would result in an additional \$7.5 million transferred to Fund 5460 from the GRF.

Division of Emergency Medical Services

The bill requires the Division of Emergency Medical Services (EMS), housed within the Department of Public Safety, to certify fire apparatus drivers and support persons, and modifies the rules regulating the training programs for volunteer firefighters to include support persons and fire apparatus driver operators. The bill also creates an alternative training program for volunteer firefighters and the Full-Time Emergency Medical Service Response Fund to incentivize the formation of full-time emergency medical service response by volunteer fire departments.

Certifications and training

The bill's requirement to implement the fire apparatus driver and support person certifications are not likely to have a discernible impact on EMS. This is because EMS has already begun the process of implementing the Fire Apparatus Driver/Operator-Pumper and Fire Department Exterior Support Person levels of certification, as approved by the State Board of Emergency Medical, Fire, and Transportation Services.¹ Those levels of certification are the result of recommendations issued by the Governor's Ohio Task Force on Volunteer Fire Service in

¹ The Board is under the purview of EMS and is responsible for training and certification standards for emergency medical services personnel.

January 2023, to replace the existing volunteer firefighter curriculum with a competency-based instruction and authentic assessment model. The transition is expected to be complete by June 30, 2030, after which, EMS will stop issuing Ohio Volunteer Firefighter certificates.

The State Board of Emergency Medical, Fire, and Transportation Services may incur minimal one-time costs to modify existing rules regulating volunteer firefighter training programs and to establish an alternative training program for volunteer firefighters.

Full-Time Emergency Medical Service Response Fund

The bill appropriates \$2.5 million from Fund 5BV1 ALI 765639, Full-Time EMS Response, in each of FY 2026 and FY 2027 to incentivize the formation of full-time emergency medical service response by volunteer fire departments. The line item is supported by a \$5.0 million transfer from the GRF to the Full-Time Emergency Medical Service Response Fund (Fund 5BV1), which the bill creates. Under the bill, a volunteer fire department that receives such funding must use it to pay for the salaries of two full-time emergency medical technicians or paramedics for a period of three years and agree to maintain the same, or a better, level of service for three years following receipt of the funding.

EMS currently has two staff that oversee around \$2.3 million in EMS training and equipment grant funding. The bill would increase grant funds by about 109%, which means that EMS may need to hire additional staff to manage the grant program over its three-year period. Based on the existing staffing levels and grant funds managed, EMS estimates that three additional staff members may be needed to handle the increase in workload. However, that number may change depending on the number of volunteer EMS agencies that ultimately apply for grant funding and whether EMS has regulatory authority over the grantees to ensure compliance with the grant requirements. According to EMS, the combined minimum starting salary for three additional staff members would be approximately \$187,000, or an average of around \$62,000 per employee, annually.

Higher education tuition waivers for volunteer firefighters

The bill requires the Chancellor of Higher Education and State Fire Marshal to establish and administer a tuition waiver program for volunteer firefighters, under which a state institution of higher education is prohibited from requiring an eligible volunteer firefighter to pay any tuition for up to two years of an approved educational program. To qualify for a tuition waiver under the bill, a volunteer firefighter must enter into a written agreement to serve as a volunteer firefighter for a five-year period and meet any other eligibility requirements as established by rule by the Chancellor and State Fire Marshal. A state institution that enrolls one of these individuals will forego revenue from waiving tuition. In FY 2025, the average annualized in-state undergraduate tuition and fees at university main campuses was \$12,812, while the averages for university regional campuses and community colleges were \$7,726 and \$5,509, respectively. Ultimately, the amount that each state institution will forego in waived revenue will depend on its tuition rates and the number of eligible volunteer firefighters that enroll at the institution. A volunteer firefighter who does not fulfill the five-year service agreement and other program obligations must repay waived tuition amounts according to a process the Chancellor and State Fire Marshal will establish.

It is unclear how many individuals will take advantage of the tuition waiver program. According to a recent report from the Department of Public Safety (DPS),² there are 8,444 active volunteer firefighters in Ohio. However, according to the State Fire Marshal, the average age of volunteer firefighters across the state is 58.³ Therefore, it is likely that many active volunteer firefighters may not be interested in enrolling at a college. On the other hand, the proposed tuition waiver program is also likely to serve as a recruitment tool for new volunteer firefighters. In January 2023, the Governor’s Ohio Task Force on Volunteer Fire Service recommended waiving tuition as a method to address recruitment challenges, stating that the number of volunteer firefighters had decreased by 6.5% from 2018 to 2021.⁴ With the number of volunteer firefighters declining and the aging of active ones, it is possible the bill could incentivize hundreds or more individuals to take advantage of the tuition waiver program.

The total amount of foregone tuition revenue will depend on the number of individuals that participate in the program and the types of institutions those individuals will attend for their education. While both factors are uncertain, the participation rate may start out low but grow in future years as older volunteer firefighters are replaced and more individuals become aware of the tuition waiver program. In total, state institutions may forego tuition revenue in the millions of dollars range if enough active and new volunteer firefighters choose to participate in the proposed tuition waiver program. As a point of reference, the table below shows the annual cost by public institution sector-type for every 100 volunteer firefighters that qualify and participate in the tuition waiver program. If, for example, 100 eligible volunteer firefighters enroll at a university main campus, the amount of annual foregone revenue will be approximately \$1.3 million.

Estimated Annual Tuition Waived per 100 Participants in Volunteer Firefighter Program by Public Institution Sector-Type		
Sector-Type	Average Annual Tuition, FY 2025*	Estimated Annual Cost per 100 Participants (\$ Tuition x 100 Participants)
University Main Campus	\$12,812	\$1,281,200
University Regional Campus	\$7,726	\$772,600
Community College	\$5,509	\$550,900

*Source: Ohio Department of Higher Education

² See the [DPS Division of EMS Active Certification Totals, September 2025 \(PDF\)](#), which is available on DPS’ website: publicsafety.ohio.gov.

³ See the announcement [Ohio Fire Marshal Launches New Volunteer Firefighter Recruitment Portal to Combat Alarming Decline, August 23, 2025](#), which is available on the Department of Commerce’s (COM) website: com.ohio.gov.

⁴ See the [Ohio Task Force on Volunteer Fire Service Report and Recommendations \(PDF\)](#), which is available on COM’s website: com.ohio.gov.

Additionally, the Ohio Department of Higher Education and the State Fire Marshal may incur some administrative costs to establish and administer the tuition waiver program for volunteer firefighters. The agencies must also adopt rules to implement and administer the program, including ones that (1) develop approval criteria for educational programs, (2) determine the maximum number of course credits for which tuition may be waived, (3) identify the required terms of the five-year service agreement, and (4) establish the process of repayment for a volunteer firefighter who violates the terms of an agreement.

Paid leave for emergency medical or firefighting service

The bill increases the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services from a maximum of 120 hours each calendar year to not more than 192 hours each calendar year. This additional paid leave would not directly increase costs for state agencies, as these employees would otherwise receive their regular pay at the same rate. However, state agencies could incur some additional costs if the employee's leave results in overtime or a need to hire additional staff to cover the employee's workload while on leave to provide emergency medical or firefighting services.