



OHIO LEGISLATIVE SERVICE COMMISSION

Philip A. Cummins

Fiscal Note & Local Impact Statement

Bill: H.B. 513 of the 132nd G.A.

Status: As Reported by House Ways and Means

Sponsor: Reps. Brenner and Ginter

Local Impact Statement Procedure Required: No

Subject: Enhanced homestead exemption for surviving spouses of public service officers killed in the line of duty

State Fiscal Highlights

STATE FUND	FY 2019	FY 2020	FUTURE YEARS
General Revenue Fund			
Expenditures	Increase approaching \$100,000	Increase approaching \$200,000	Increase approaching \$200,000 per year

Note: The state fiscal year is July 1 through June 30.

- Homestead exemption on \$50,000 market value of the primary residence of a surviving spouse of a public service officer killed in the line of duty might reduce local property tax revenue by an amount approaching \$200,000 per year.
- The state GRF reimburses local governments for revenues that would otherwise be lost because of the homestead exemption.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions, apart from the timing of payments.

Detailed Fiscal Analysis

H.B. 513 would provide an enhanced homestead exemption for a surviving spouse of a public service officer – peace officer, firefighter, first responder, EMT-basic, EMT-I, and paramedic – killed in the line of duty, equal to real property taxes otherwise due on up to \$50,000 of market value of the surviving spouse's primary residence. This tax exemption would be in lieu of any other homestead exemption for which the homeowner would be qualified. The state GRF reimburses tax revenues of local governments that would otherwise be lost due to homestead exemptions.

Under the bill, the surviving spouse would qualify for this enhanced homestead exemption until that spouse dies or remarries. The surviving spouse's eligibility for this exemption would not be dependent on the spouse's income. An application for the exemption would need to be supported by written confirmation of the public service officer's death in the line of duty, defined in the bill to include death from heart attack

or other fatal injury or illness caused while in the line of duty. Depending on how broadly the phrase "illness caused while in the line of duty" is interpreted, the cost of the bill could be higher than estimated here.

In the bill, peace officer is defined by reference to R.C. 2935.01, which includes the job titles and descriptions shown in the attached Appendix. Firefighter is defined to include both paid and volunteer firefighters of a lawfully constituted fire department. First responder, EMT-basic, EMT-I, and paramedic are defined in R.C. 4765.01. EMTs are emergency medical technicians; EMT-I refers to intermediate EMTs. Persons with one of these four designations have satisfied qualifications stated in R.C. 4765.30.

Most homeowners who currently qualify for the homestead exemption receive a credit equal to the taxes otherwise due on up to \$25,000 of market value of their primary residences. This market value is equivalent to \$8,750 of taxable value at Ohio's 35% assessment rate. To qualify for a homestead exemption, a homeowner must meet one of the following criteria: (1) be at least 65 years old, (2) be permanently and totally disabled, or (3) be at least 59 years old and the surviving spouse of a deceased taxpayer who previously applied and qualified for the exemption. The homeowner must also have income less than an amount (\$32,200 in 2018) that is adjusted annually for inflation, except that homeowners who received the exemption in 2013 do not have to meet this income test. Taxpayers who are qualifying veterans also are not subject to an income test, and receive a tax exemption for up to \$50,000 of market value of a primary residence.¹

The value of one homeowner's tax reduction due to the homestead exemption will generally differ from that of a second homeowner living in another community because of differences in tax rates in different jurisdictions. On average statewide, the homestead exemption reduced taxes by \$495 in tax year 2015, the latest data currently published. For most homeowners, exempting \$50,000 of market value instead of \$25,000 would reduce taxes by double this amount (\$990), but the increase would be less for owners of properties with market values between \$25,000 and \$50,000. On the other hand, effective tax rates have tended to rise over time. In what follows, a homestead exemption for a spouse of a public service officer killed in the line of duty is assumed to reduce taxes by around \$1,000, on the assumptions that most properties of these persons have market values of \$50,000 or more, and that few already qualify for a homestead exemption.

Data on law enforcement officers killed in the line of duty are reported separately for those killed feloniously and those accidentally killed. In Ohio, during the years 2007 through 2016, 14 law enforcement officers were killed feloniously and 13 died in accidents in the line of duty, a total of 27 deaths in the line of duty during the

¹ To qualify for this larger exemption, a veteran must have received a total disability rating or a total disability rating for compensation based on individual unemployability for a service-connected disability or combination of service-connected disabilities.

ten-year period, an average of 2.7 deaths per year.² These data may be underreported because they rely on reporting to the Federal Bureau of Investigation by numerous individual law enforcement agencies.

Data for on-duty fatalities of firefighters are reported by the U.S. Fire Administration, within the Department of Homeland Security. The data cover "any injury or illness that was sustained while on duty and proves fatal."³ Data for Ohio indicate that 46 on-duty fatalities were suffered by Ohio firefighters during 2007 through 2016, an average of 4.6 deaths per year.

Comparable data for EMT personnel killed in the line of duty were not found. However, a study of deaths and injuries among emergency medical technicians and paramedics estimated the rate of fatal injuries was 6.3 per 100,000 full-time equivalents.⁴ Presumably this is an annual rate, equivalent to about one fatality annually for each 16,000 EMTs and paramedics. An American Community Survey (ACS) query found that Ohio had about 8,246 EMTs and paramedics during the period 2012 through 2016, implying about 0.5 deaths per year.

Based on these data and estimates, approximately eight public service officers, as defined in the bill, may have died on duty in an average recent year. LSC assumes that surviving spouses of public service officers killed in the line of duty in all past years would be eligible for the enhanced homestead exemption provided by the bill, if they have not remarried or ceased to be homeowners.

An indication of the number of surviving spouses who may have owned homes is given by the same ACS query. In 2012 through 2016, an estimated 56,877 persons in Ohio had occupational titles that appear to correspond to the public service officers whose spouses, if any, would be eligible under the bill for the tax exemption on a primary residence, if owned. Out of this group of public service officers, 68% were married, 83% were homeowners, and 61% were both married and homeowners. At this rate, the eight public service officers estimated to die on duty in an average year would have included nearly five who were married and homeowners.

The total number of spouses who might qualify for the enhanced homestead exemption in the bill can be approximated by multiplying the estimated nearly five public service officer fatalities per year by the remaining life expectancy of the spouses.⁵ This remaining life expectancy is the average number of years that these persons might

² Data are from the Criminal Justice Information Services Division of the Federal Bureau of Investigation, https://ucr.fbi.gov/leoka/2016/about-leoka/about_leoka_-2016.

³ U.S. Fire Administration, "Firefighter Fatalities in the United States in 2016," December 2017, page 3.

⁴ Audrey A. Reichard, Suzanne M. Marsh & Paul H. Moore (2011), Fatal and Nonfatal Injuries Among Emergency Medical Technicians and Paramedics, *Prehospital Emergency Care*, 15:4, 511-517, DOI: 10.3109/10903127.2011.598610.

⁵ The life expectancies reported here are from a period life table for 2014, from the Office of the Chief Actuary for the U.S. Social Security Administration.

be expected to live, based on average death probabilities at each age. A 20-year-old spouse of a young public service officer killed in the line of duty might live another 59 years on average (men, 57 years; women, 62 years). A 60-year-old spouse of a public service officer approaching retirement and killed in the line of duty might live another 23 years on average (men, 22 years; women, 25 years). A representative midpoint of these life expectancies is 41 years. On the assumptions that nearly five Ohio public service officers died in the line of duty each year who were married and homeowners, and that their spouses live an average number of years after their deaths, an initial estimate is that perhaps roughly 200 spouses might qualify for the tax exemption. However, this estimate does not take account of spouses who remarry or cease to be homeowners. LSC did not find publicly available data that would help quantify the likelihood of remarriage. Homeownership rates do tend to decline somewhat among the elderly, but remain high.

At a cost of around \$1,000 each, the estimated roughly 200 spouses qualifying for the tax exemption in the bill might result in a real property tax revenue loss approaching \$200,000, possibly less with adjustment for spouses who remarry or cease to be homeowners, or possibly more if the phrase "illness caused while in the line of duty" is interpreted broadly. Given the variety of data sources used and assumptions underlying this estimate, it should be viewed as rough.

The bill would apply to real property taxes starting in tax year 2018, payable in 2019. It would apply to property taxes on mobile homes used as residences and not taxed like real property in tax year 2019, payable in 2019. The state GRF reimburses local governments for real property tax revenue that would otherwise be lost because of the homestead exemption. The GRF reimbursements lag behind the timing of the real property tax payments.

Appendix

"Peace Officer" as Defined in R.C. 2935.01	
	R.C. Citation (if any)
Sheriff	
Deputy sheriff	
Marshal	
Deputy marshal	
Member of a municipal police department	
Member of a police force employed by a metropolitan housing authority	3735.31(D)
Member of a police force employed by a regional transit authority	306.05(Y)
State university law enforcement officer	3345.04
Enforcement agent of the Department of Public Safety	5502.14
Employee of the Department of Taxation to whom investigation powers have been delegated	5743.45
Employee of the Department of Natural Resources who is a natural resources law enforcement staff officer	1501.013
Forest-fire investigator	1503.09
Natural resources officer	1501.24
Wildlife officer	1531.13
Individual designated to perform law enforcement duties in a park district or conservancy district	511.232, 1545.13, 6101.75
Veterans' home police officer	5907.02
Special police officer employed by a port authority	4582.04, 4582.28
Township police constable	
Police officer of a township or joint police district	
Special police officer employed by a municipal corporation at a municipal airport or other municipal air navigation facility	
House of Representatives sergeant-at-arms if has arrest authority	101.311(E)(1)
Assistant House of Representatives sergeant-at-arms	
Senate sergeant-at-arms	
Assistant Senate sergeant-at-arms	
Officer or employee of the Bureau of Criminal Identification and Investigation certified to have completed peace officer basic training, who is providing assistance upon request to a law enforcement officer or emergency assistance to a peace officer	109.54, 109.541
State fire marshal law enforcement officer	109.71(A)(23)
State Highway Patrol superintendent and troopers (for specified purposes)	Chapter 5503.