



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 288 of the 130th G.A. **Date:** May 27, 2014
Status: As Reported by Senate Insurance & Financial Institutions **Sponsor:** Sen. Eklund

Local Impact Statement Procedure Required: Yes

Contents: To create the Volunteer Police Officers' Dependents Fund to provide death benefits to survivors of volunteer police officers killed in the line of duty and disability benefits to disabled volunteer police officers

State Fiscal Highlights

STATE FUND	FY 2015	FY 2016	FUTURE YEARS
Department of Commerce – Division of Administration Fund (Fund 1630)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase
Volunteer Police Officers' Dependents Fund			
Revenues	Potential gain	Potential gain	Potential gain
Expenditures	Potential increase	Potential increase	Potential increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2015 is July 1, 2014 – June 30, 2015.

- The bill creates a new fund, the Volunteer Police Officers' Dependents Fund, in the state treasury to pay for death benefits to survivors of volunteer, part-time, and reserve police officers and sheriffs' deputies killed in the line of duty and disability benefits to such officers if they become disabled. The bill requires each county, municipality, township, township police district, and joint police district with a police or sheriff's department that employs volunteer police officers to become a member of the fund and contribute certain amounts toward the fund, based on the member's assessed property valuation.
- The bill may minimally increase the Department of Commerce's administrative cost related to requirements associated with contributions toward the Volunteer Police Officers' Dependents Fund.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2014	FY 2015	FUTURE YEARS
Counties, municipalities, and townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase	Potential increase	Potential increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill requires each county, municipality, township, township police district, and joint police district with a police or sheriff's department that employs volunteer police officers to establish a Volunteer Police Officers' Dependents Fund board to administer claims for certain benefits from the fund. The bill specifies that the five members of each board would not be compensated.
- The bill requires such entities that employ volunteer police officers to become a member of the Volunteer Police Officers' Dependents Fund and contribute certain amounts toward the fund based on the member's assessed property valuation. The fund will be used to provide death benefits to survivors of volunteer, part-time, and reserve police officers and sheriffs' deputies killed in the line of duty and disability benefits to such disabled officers.
- Initial premiums and possible assessments to the fund will increase the costs to provide such benefits for those jurisdictions that employ volunteer police officers. LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of volunteer police officers and the number of entities employing such officers in Ohio. However, it is likely to increase costs by more than \$100,000 statewide.
- The bill requires the legislative authority of each fund member to provide sufficient meeting space and supplies for its board to carry out its duties.

Detailed Fiscal Analysis

The bill requires each county, municipality, township, township police district, and joint police district with a police or sheriff's department that employs volunteer police officers to become a member of a newly created fund, the Volunteer Police Officers' Dependents Fund. The bill also requires each entity to establish a Volunteer Police Officers' Dependents Fund board to administer claims for benefits from the fund. The bill defines "volunteer police officer" as any person who is employed as a police officer or sheriff's deputy in a part-time, reserve, or volunteer capacity by a county sheriff's department or the police department of a municipal corporation, township, township police district, or joint police district and is not a member of the Public Employees Retirement System (PERS), Ohio Police and Fire Pension Fund (OP&F), State Highway Patrol Retirement System (SHPRS), or the Cincinnati Retirement System (CRS).

Volunteer Police Officers' Dependents Fund

The bill creates a new fund, the Volunteer Police Officers' Dependents Fund, in the state treasury to pay for benefits, to volunteer police officers who are totally and permanently disabled as a result of discharging the duties of a volunteer police officer, except to a volunteer police officer who is receiving the officer's full salary during the time of the officer's disability, or to pay death benefits to survivors of such officers killed in the line of duty. The bill specifies the benefit amounts that must be paid from the Fund: (1) to surviving spouses, a lump-sum award of \$1,000, plus a \$300 benefit per month, (2) to dependent children, a benefit of \$125 per month, and (3) to disabled volunteer police officers, a disability benefit of \$300 per month.

Under the bill, each fund member is required to contribute an initial premium to the fund as specified in Table 1, depending on each member's assessed property valuation. A member's initial premium would be between \$300 and \$500.

Table 1. Initial premiums	
Member's assessed property valuation	Initial premium amount
Less than \$7 million	\$300
\$7 million or more, but less than \$14 million	\$350
\$14 million or more, but less than \$21 million	\$400
\$21 million or more, but less than \$28 million	\$450
\$28 million or more	\$500

The total of all initial premiums would be the basic capital account for the fund and no further contributions are required from fund members until claims against the fund have reduced its balance to 95% or less of its basic capital account. In that event, the Director of Commerce is required to certify additional premiums as specified in

Table 2, based on current property valuation, to the legislative authority of each member of the fund. A member's additional premium would be between \$90 and \$150.

Table 2. Additional premiums	
Member's assessed property valuation	Assessment amount
Less than \$7 million	\$90
\$7 million or more, but less than \$14 million	\$105
\$14 million or more, but less than \$21 million	\$120
\$21 million or more, but less than \$28 million	\$135
\$28 million or more	\$150

If a member of the fund fails to pay an initial premium, the bill requires the Director of Commerce to certify the failure as an assessment against the fund member to the auditor of the county within which the member is located. The county auditor must withhold the amount of the assessment, together with interest at the rate of 6%, from the next ensuing tax settlement due the member and pay the amount to the Treasurer of State to the credit of the fund.¹ The bill also provides that if a member of the fund fails to pay the additional premium within 45 days after receiving a notice of the assessment, the Director must proceed with collection as indicated above (for collecting initial premiums that have not been paid).

Volunteer Police Officers' Dependents Fund boards

The bill provides that each board would consist of five members. The bill specifies that such members will not receive any compensation. The bill requires the legislative authority of each fund member to provide sufficient meeting space and supplies for the board to carry out its duties. Each board may adopt necessary rules related to handling and processing claims for benefits. The bill also requires each board to perform other duties as necessary to implement the law governing the fund.

Fiscal effect

The required initial premiums and possible future assessments would increase costs of providing certain benefits to volunteer police officers, by certain counties, municipalities, townships, township police districts, and joint police districts with a police or sheriff's department that employs such officers. As of this writing, LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of volunteer police officers and the number of entities employing such officers in Ohio. Under the bill, the contributions toward the fund will be used to provide death benefits to survivors of volunteer, part-time, and reserve police officers

¹ If a board secretary fails to submit to the Director a certificate of the member's current assessed property valuation, the Director must use the highest assessed property valuation (\$28 million or more) as a basis for the assessment. Thus, the member will be required to pay an initial premium of \$500.

and sheriffs' deputies killed in the line of duty and disability benefits to such officers who are totally and permanently disabled as a result of discharging their duties.

The existing Volunteer Firefighters' Dependents Fund (Fund 7085), which provides similar benefits, but related to volunteer firefighters, has experienced actual expenditures ranging between a low of \$223,000 in FY 2011 and a high of \$239,000 (in FY 2013), over the last five years. Based on the experience with Fund 7085, the bill is likely to increase costs to those local government entities that employ volunteer police officers by more than \$100,000 statewide, though it may well be less during the first few years of implementation because the benefits are not retroactive. The bill may also increase such local governments' costs associated with meeting space and supplies for the board to carry out its duties.

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