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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

S.B. 44
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by Senate Government Oversight

Primary Sponsor: Sen. Brenner

Local Impact Statement Procedure Required: No

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Highlights

- The Department of Administrative Services (DAS) will likely incur new costs of between \$2.0 million and \$3.0 million annually as a result of increased use of the state's electronic licensing system.
- Costs incurred by DAS would likely be passed on to the departments of Aging, Commerce, Health, and Public Safety, and the Ohio Athletic Commission based on each agency's proportionate use of the eLicensing system.
- H.B. 33 of the 135th General Assembly, currently under consideration by the Ohio Senate, modifies the funding structure of the state's electronic licensing system. Under H.B. 33, licensing entities supported by the Occupational Licensing and Regulatory Fund (Fund 4K90) would incur no costs to use the state's licensing platform.

Detailed Analysis

Fiscal effects under the current funding structure of eLicense Ohio

The bill requires state occupational licensing agencies to accept electronic license applications. Although not specified in the bill, this fiscal note assumes that in order to comply with the requirement, state agencies would use eLicense Ohio, the state's existing electronic licensing platform administered by the Department of Administrative Services (DAS). Under the bill, DAS would likely incur increased costs totaling between \$2.0 million and \$3.0 million per year based on the approximate 523,000 licenses that would be added to the system. Costs of eLicense Ohio are paid from the Professions Licensing Fund (Fund 5JQ0) and passed on to licensing agencies through DAS billings based on each agency's proportionate use of the system. Expenditures from Fund 5JQ0 totaled an average of approximately \$4.2 million per year over the

FY 2020-FY 2022 time frame, or roughly \$4.65 per active license in the system. Overall, active licenses in eLicense Ohio totaled slightly more than 900,000 in FY 2022.

Most state occupational licensing agencies already use eLicensing. Those that do will likely see little, if any, fiscal effect. However, licensing entities that do not already use eLicensing, including those under the departments of Aging (AGE), Commerce (COM), Health (ODOH), and Public Safety (ODPS), and the Ohio Athletic Commission (ATH), would likely be the ultimate bearers of DAS's increased costs. Agencies that elect not to use eLicense Ohio would bear the full cost to develop or purchase and maintain whatever electronic licensing system is chosen. The table below shows the licensing entities under each agency and the number of active licenses each regulated in FY 2022.

FY 2022 Active License Counts: Non-eLicensing Entities			
State Agency	Licensing Entity	FY 2022 Active License Count	Operating Funds
AGE	Board of Executives of Long-Term Services and Supports	2,149	5MT0
ATH	Ohio Athletic Commission	1,090	4K90
COM	Board of Building Standards	5,452	5560
	Division of Financial Institutions	28,734	5530
	Division of Industrial Compliance	10,410	5560
	Division of Real Estate and Professional Licensing	56,507	5470, 5480, 5490, 4B20, 6A40
	Division of Securities	239,857	5500, 5GK0
	Medical Marijuana Control Program	93	5SY0
	Ohio Construction Industry Licensing Board	12,428	5560
ODOH	X-Ray Program	8,612	4700
ODPS	Motor Vehicle Dealers Licensing Board	27,848	5390
	Motor Vehicle Salvage Dealers Licensing Board	522	5TM0
	Board of Emergency Medical, Fire, and Transportation Services	104,285	83M0
	Private Investigators and Security Guard Unit	25,177	5B90
Total		523,164	

Proposed funding structure change in H.B. 33

H.B. 33, the main operating budget for the FY 2024-FY 2025 biennium, currently under consideration by the Senate, contains changes to the funding structure of the eLicensing system. Under H.B. 33, DAS would use appropriations from the Occupational Licensing and Regulatory Fund (Fund 4K90) rather than Fund 5JQ0 to pay the costs of eLicense Ohio. Fund 4K90 receives revenue from the license fees and fines collected by most of the state's licensing entities. As a result, DAS would no longer bill most state licensing entities for their use of the eLicensing system. Licensing entities that do not use Fund 4K90, including those affected by S.B. 44 shown in the table above, would continue to be charged for their proportionate use of the system.