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H.B. 238
(1_135_1308-2)
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 238's Bill Analysis](#)

Version: In House State and Local Government

Primary Sponsors: Reps. Fowler Arthur and Klopfenstein

Local Impact Statement Procedure Required: No

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Highlights

Department of Public Safety

- The Department of Public Safety (DPS) will experience revenue losses of approximately \$3 million over a three-year period for the Private Investigator and Security Guard Provider Fund (Fund 5B90) due to the extension of the duration of private investigation and security services licenses from one year to three years. DPS will also experience revenue losses to the Public Safety – Highway Purposes Fund (Fund 5TM0) due to the elimination of three separate licenses: (1) motor vehicle salesperson license, (2) construction equipment auction license, and (3) salvage motor vehicle auction license. Overall revenues for Fund 5TM0 can average around \$500.0 million per year, so the decrease in licensing revenue for these three licenses, which historically are issued in low numbers, would be negligible at most.

Motor Vehicle Repair Board

- Fund 4K90 will experience a revenue loss of more than \$600,000 per year due to the abolishment of the Motor Vehicle Repair Board and elimination of the licenses the Board oversees. The Board's expenditures from Fund 4K90 typically outpace its revenue collection from licensing fees and fines, therefore the fund will likely experience a net savings.

Department of Agriculture

- The Amusement Rides Fund (Fund 5780) will incur a revenue loss of approximately \$500,000 annually due to decreases in inflatable ride permit and inspection fee revenue. If so, the Department would likely layoff four of ten current ride safety inspectors and forego hiring an 11th ride safety inspector.

- The Commodity Handlers Regulatory Fund (Fund 4970) will incur a revenue loss of approximately \$45,000 over a three-year period due to the elimination of the agricultural commodity tester certification requirement. The Department may see offsetting savings by no longer administering the certification test.

Architects Board

- The State Architects Board will incur an estimated loss of roughly \$167,600 per biennium due to the loss of the fee revenue that would have been credited to Fund 4K90 for the certificate of qualification to practice architecture, which is reduced to \$100 from \$125 by the bill.

Department of Commerce

- The bill modifies the fee structure for several different licenses and certifications overseen by occupational licensing boards and commissions under the Department of Commerce (COM). Taken together, COM estimates that these changes will result in annual revenue loss of approximately \$58,500 per year.

Detailed Analysis

Under continuing law, the House of Representatives and the Senate must review one-third of the state's occupational licensing boards each biennium – including all boards that are scheduled to expire at the end of the biennium. An occupational licensing board is triggered for expiration following the sixth year after it was created or last renewed by an act of the General Assembly. The bill reviews a number of occupational licensing boards and renews all of the following:

- Ohio Peace Officer Training Commission;
- State Cosmetology and Barber Board;
- Accountancy Board;
- Department of Agriculture;
- Architects Board;
- Ohio Landscape Architects Board;
- Ohio Casino Control Commission;
- The following divisions within the Department of Commerce:
 - Division of Financial Institutions;
 - Division of Real Estate and Professional Licensing;
 - Division of Industrial Compliance; and
 - Division of Unclaimed Funds.
- Department of Public Safety;
- Department of Public Safety Bureau of Motor Vehicles;
- State Board of Registration for Professional Engineers and Surveyors;

- Department of Mental Health and Addiction Services;
- State Racing Commission;
- Secretary of State.

For several of the occupational licensing entities under review by the General Assembly, the bill makes changes to statutes affecting fees, training requirements, or other provisions. Changes with potential fiscal effects are discussed under the headings on the following pages.

Department of Public Safety (DPS)

Driver training managers

The bill eliminates the requirement that a person have a license to practice as either a driver training manager or a commercial training manager in association with the driver training schools. Under current law, the driver training manager and commercial training manager oversee the instructors and the education of driver education for students at either a standard driver training school or a commercial motor vehicle driver training school, as applicable. The manager licenses are required by rule, and all managers must be licensed instructors as well. No fees are associated with this provision, therefore no revenue is impacted. DPS may experience some administrative cost savings related to the oversight of these managers.

Private investigation and security services licenses

The bill extends the duration of private investigation and security services licenses from one year to three years. Currently, all private investigation and security services licenses expire on the first day of March after issuance, and then annually thereafter. A license issued before the bill's effective date expires on the first day of March after it was issued in accordance with current law. After being renewed, the license expires on the first day of March every three years. A license issued after the bill's effective date expires three years after the date of issuance.

The annual license renewal fee is \$275 per year (\$825 over the span of three years). By making the renewal required triennially rather than annually, revenue will decrease by two-thirds. In FY 2022, DPS reported licensing revenue totaling \$1.5 million for all classes of private investigation and security services licenses. It is estimated that revenue credited to the Private Investigator and Security Guard Provider Fund (Fund 5B90) would decrease by nearly \$3 million over a three-year period by converting the annual renewal to a triennial renewal.

Bureau of Motor Vehicles (BMV)

The bill eliminates the licensure requirement for two professions related to motor vehicle sales and auctions: motor vehicle salesperson and the construction equipment auction license. While the bill eliminates the construction equipment auction license, which authorizes the holder to auction large construction or transportation equipment, it does not eliminate the general motor vehicle auction owner license or licenses for auctioneers. Thus, a person wishing to engage in the business of auctioning large construction or transportation equipment would likely need to have either a motor vehicle auction owner or auctioneer license.

The initial fee and the biennial renewal fee for the motor vehicle salesperson license is \$10. In CY 2021, 2,840 such licenses were issued. The initial fee for a construction equipment auction license is \$7,500 and is valid for five years. The renewal fee is the same amount. Very few of these licenses are issued or renewed each year (often times, none). Presumably, any current

license holders will opt to be licensed as a general motor vehicle auction owner (initial fee of between \$100 and \$204.75 and biennial renewals of between \$100 and \$200).

The bill also eliminates the \$100 application fee for a salvage motor vehicle auction license. Under current law, the fee is due at the time of initial application and at the time of renewal every two years. Very few of these licenses are issued or renewed each year.

All of the above licensing and application fees are paid to the registrar of the BMV and then credited to the Public Safety – Highway Purposes Fund (Fund 5TM0). Overall revenues for Fund 5TM0 can average around \$500.0 million per year, so the decrease in licensing revenue for these three licenses would be negligible at most.

Motor Vehicle Repair Board

The bill abolishes the Motor Vehicle Repair Board and eliminates the requirement that a person or entity be registered as a motor vehicle repair operator to act as a vehicle collision repair operator or window tint operator. The Board uses Fund 4K90 and registered around 1,900 businesses in FY 2022, with revenue totaling \$615,808. In FY 2023, the Board expended \$668,460, 86% of which was attributed to personnel costs.

Once abolished, all records, assets, and liabilities are to be transferred to the Department of Public Safety (DPS). An action or proceeding pending on the bill's effective date is not affected by the Board's abolishment and would carry forward under the purview of DPS. Existing Board employees would cease to be employed upon the Board's abolishment. The Director of Budget and Management must cancel any encumbrances against an existing appropriation providing for the Board's operating expenses and reestablish them against another appropriation selected in consultation with the Director of Public Safety. The bill makes an appropriation for the reestablished encumbrance amounts. The amount of outstanding expenses that will need to be completed by DPS is unknown, but will likely be related to outstanding payroll obligations, if any.

Department of Agriculture (AGR)

Amusement ride inspections

The bill decreases inflatable ride permit and inspection fee revenue available to AGR's Division of Amusement Ride Safety, resulting in an annual loss of approximately \$500,000, or 84.4% for the Amusement Rides Fund (Fund 5780) based on calendar year (CY) 2023 receipts. During CY 2023, the Division inspected over 1,800 inflatables. The reduced revenue would likely mean laying off four of ten current ride safety inspectors and not hiring an 11th ride safety inspector that was anticipated under AGR's FY 2024-FY 2025 budget. H.B. 33 contained additional GRF funding to support the additional hire, and extended ride inspection fees to ride reinspections and supplemental inspections required by Tyler's Law. Looking back at FY 2023 expenditures, payroll and benefits accounted for 77.2%, and the remaining 22.8% covered vehicles, travel, supplies, and other costs.

Specifically, the bill decreases the annual inflatable ride permit fee from \$225 per inflatable ride to \$25 per inflatable ride. That fee resulted in receipts of just over \$406,000 in CY 2023. The \$25 fee would have brought in just over \$45,000 based on CY 2023 permit data, resulting in a revenue loss of more than \$360,000, or about 89.0%, when compared to the existing fee. Additionally, the bill restructures the inflatable ride inspection and reinspection fee. That fee currently is \$104 and is set by rule. Instead, the bill specifies that the fee would be based

on the number of inflatable rides the owner owns (a business fee rather than a per-ride fee) as seen in the table below. The revised business fee structure would decrease annual revenue by approximately \$140,000, or 74.8%, based on CY 2023 results.

Inflatable Ride Owner Inspection and Reinspection Fees		
Number of Inflatable Rides Owned by the Owner	Flat Fee	Number of Owners as of December 1, 2023
1-10 inflatable rides	\$150	210
11-25 inflatable rides	\$350	27
26 or more inflatable rides	\$500	13

Agricultural commodity tester

The bill eliminates the requirement that an agricultural commodity tester be certified by the Director of Agriculture. The certification fee is \$25 and must be renewed every three years. As of December 1, 2023, there are 1,885 active licensees. The elimination of the fee would therefore cause \$45,000 in lost revenue over a three year period. However, AGR may see offsetting savings by no longer having to administer the certification test. Testing fees are deposited into the Commodity Handlers Regulatory Fund (Fund 4970).

Architects Board

This bill reduces the biennial renewal fee for a certificate of qualification to practice architecture to \$100 from \$125. The bill also removes the requirement that the Board establish the fee in rule. In FY 2022, the Architects Board reported 6,704 active individual licensees. Assuming this number remains stable, renewal revenue would decrease by approximately \$167,600 (\$6,704 x \$25) each biennium. The Board uses Fund 4K90.

Department of Commerce

The Department of Commerce (COM) estimates that changes to licensing and certification fees under the bill will result in annual revenue loss of approximately \$58,500 per year. Details are discussed under the headings below.

Division of Industrial Compliance

The bill makes changes to several different fees assessed by the Division that COM estimates will result in average annual revenue loss of approximately \$49,000. Specifically, the bill requires COM to adopt rules establishing the duration of a backflow technician certification at five years. Current rules set the duration for this certificate at three years. Although the bill does not change the \$75 renewal fee for this certification, extending the term will result in revenue loss over time. On an annualized basis, COM expects this change to result in revenue loss of roughly \$34,000 per year. The bill specifies that backflow technician certifications issued before the bill's effective date must be renewed in accordance with any rules adopted before the bill's effective date.

The bill also reduces the application fee to take the examination for a boiler and pressure vessel inspector certification from \$150 to \$100 and caps the annual fee that COM may charge to renew a boiler or pressure vessel inspector certificate of competency of commission at \$50. The bill also reduces the application fee for a steam engineer, high pressure boiler operator, or a low pressure boiler operator license to \$25. According to COM, these changes will result in annual revenue loss of approximately \$15,000 per year. Currently the fee is \$75. Additionally, under current law, the Superintendent of Industrial Compliance may increase the fee if the increase bears a reasonable relationship to the cost of administering and enforcing the state's boiler regulations. In addition to reducing the fee, the bill prohibits this practice. Revenue collected by the Division of Industrial Compliance is credited to the Industrial Compliance Operating Fund (Fund 5560).

Manufactured Homes Program

The bill reduces the initial and renewal fees for a manufactured home installer's license to \$150. Under current law, those fees are established by rule and are currently both set at \$250. COM expects this change to result in revenue loss of approximately \$9,500 per year. Revenue from these licenses is deposited to the credit of the Manufactured Homes Regulatory Fund (Fund 5SU0).

Casino Control Commission

The bill requires the Ohio Casino Control Commission (CAC) to set the key employee license application fee at no more than \$1,750 for in-state applicants and no less than \$5,000 for out-of-state applicants. At the time of writing this fiscal note, the key employee license application fee is set at \$2,000. In FY 2023, CAC granted a total of 735 key employee licenses, with 635 of those being granted to new employees. This has resulted in key employee license fee revenue of \$249,904 for the fiscal year. The bill's changes will potentially increase key employee license fee revenue, which is deposited into Fund 5HS0.

Racing Commission

The bill would eliminate certain licenses issued by the Commission and certain fees that the Commission charges for licenses. In addition, the Commission would be required to adopt rules governing each license that it continues to issue, indicating the activities for which the license is issued, qualifications required of licensees, and associated fees. A contact with the Commission indicated that they do not anticipate much impact on revenues, no more than a minimal impact, and no impact on the agency's costs.

General Assembly review of occupational licensing boards

The bill expands the definition of "occupational licensing board" for purposes of the General Assembly's statutorily required review of those boards to include boards that issue certifications and business licenses that require an applicant to satisfy a personal qualification. Under current law, an "occupational licensing board" for purposes of the General Assembly's review is a board, commission, committee, council, or any other similar public body, agency, division, or office of state government that issues one or more occupational licenses. This may result in a small uptick in workloads for legislative staff and a corresponding uptick in administrative costs. Expenditures of the General Assembly are paid from the GRF.

LSC review of occupational regulations

Since calendar year 2019, LSC has been required to publish a biennial report comparing 33% of the state's occupational regulations with the general state policy outlined in continuing law. The bill expands the scope of LSC's review to include business licenses that require an applicant to satisfy a personal qualification (i.e., criteria related to an applicant's personal background including completion of an approved educational program, satisfactory performance on an examination, work experience, other evidence of required skills or knowledge, moral standing, criminal history, and completion of continuing education). It also clarifies that LSC continue to issue biennial reports, including reviews of the aforementioned business licenses, after January 1, 2025. As a result, LSC's workload related to the occupational regulation reporting requirement may be greater than under the current requirement.

Department of Rehabilitation and Correction (DRC)

The bill prohibits the Director of DRC from adopting rules to require jail support staff to obtain an occupational license. There will be no impact on the existing rules that the Director has adopted regarding personal qualifications of jail support staff. None of the training requirements under those rules will be eliminated as a result of the bill's prohibition. Thus, there will be no fiscal effect on the Ohio Peace Officer Training Academy related to training jail support staff, or on state license fee revenues.