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Legislative Budget
Office

H.B. 238
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the House

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) may experience an estimated revenue loss of around \$21,000 annually for the Private Investigator and Security Guard Provider Fund (Fund 5B90) due to the initial private investigation and security license fee decreasing from \$375 to \$200. DPS will also experience revenue losses to the Public Safety – Highway Purposes Fund (Fund 5TM0) due to the elimination of two licenses: (1) the motor vehicle salesperson license, and (2) the 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.

Department of Agriculture

- 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.

Architects Board

- The State Architects Board will incur an estimated loss of roughly \$15,070 per year due to the loss of the fee revenue that would have been credited to Fund 4K90 as a result of the bill's prohibition against charging a fee to obtain an initial certificate of qualification to practice architecture. That fee is currently set at \$50.

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, these changes will result in an annual revenue loss of just under \$60,000 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;
- Motor Vehicle Repair Board;
- 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)

Private investigation and security services licenses

The bill extends the duration of private investigation and security services licenses from one year to two 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 other year. A license issued after the bill's effective date expires two years after the date of issuance.

In addition to extending the duration of private investigation and security licenses from one year to two years, the bill also increases the maximum renewal fee for such licenses from \$275 annually to \$550 for a two-year license, and decreases the initial private investigation and security license fee from \$375 to \$200. In FY 2022, DPS reported licensing revenue totaling \$1.5 million for all classes of private investigation and security services licenses. Of that amount, \$45,750 (122 x \$375) was generated from initial issuance license fees. If that number remains steady, it is estimated that revenue credited to the Private Investigator and Security Guard Provider Fund (Fund 5B90) from the issuance of initial licenses would decrease by around \$21,350 (122 x \$175) annually.

Bureau of Motor Vehicles (BMV)

The bill eliminates the licensure requirement for a motor vehicle salesperson but retains a provision of current law that generally prohibits a person from acting as a salesperson for more than one licensed motor vehicle dealer at a time. The bill also prohibits a motor vehicle dealer from soliciting the sale of motor vehicles through or compensating anyone other than a salesperson (even if no longer licensed) in connection with the sale of a motor vehicle. 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. Assuming that number would have otherwise remained steady, the bill would result in a revenue loss of \$28,400 (2,840 x \$10) every two years.

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.

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.

Department of Agriculture (AGR)

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 certifications. If the number of certifications remains steady, eliminating the fee would cause a revenue loss of approximately \$45,000 over a three-year period. The fees are deposited into the Commodity Handlers Regulatory Fund (Fund 4970).

Instead of certification, under the bill, agricultural commodity testers must complete three hours of training to be registered and complete an additional three hours of continuing education every five years to maintain their registration. Each agricultural commodity handler must submit a list of individuals who meet these requirements. AGR will continue to maintain a list of eligible agricultural commodity testers.

Architects Board

The bill prohibits the Architects Board from charging a fee to obtain an initial certificate of qualification to practice architecture. The Board issues approximately 315 new architecture licenses annually. Assuming this number remains stable, certificate of qualification revenue would decrease by approximately \$15,750 (315 x \$50) in each year. 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 of these changes made by the bill 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).

Division of Real Estate and Professional Licensing

The bill extends the duration of a residential real estate appraiser certificate and appraiser assistant registration from one to two years. In conjunction with this change, the bill modifies the fee structure of the real estate appraiser certificate. The bill makes the initial fee for a real estate appraiser certificate an amount up to a maximum of \$300 over a two-year period, a reduction when compared to the current law fee of up to a maximum of \$350 over a two-year period.¹ For certificate renewals, the fee is an amount up to a maximum of \$350 over a two-year period, the same amount under current law. Overall, these changes will result in a small loss of revenue deposited to the credit of the Real Estate Appraiser Operating Fund (Fund 6A40).

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. According to CAC, the bill's changes will increase key employee license fee revenue by \$695,750, assuming the current number of key licenses issued remains the same. This revenue gain will be realized over a period of several years, as key employee licenses are on a three-year renewal cycle. Key employee license fee revenue is deposited into Fund 5HS0.

Racing Commission

The bill would eliminate certain licenses issued by the Racing 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. These changes are not expected to have 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.

¹ Under current law, the fee for both initial and renewal residential real estate appraiser certificates is set at \$175 per year.

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.