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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 534
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. A. White and Ghanbari

Local Impact Statement Procedure Required: No

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Highlights

- The bill requires the Division of Financial Institutions within the Department of Commerce to license and regulate debt services providers. These costs would presumably be paid from the Consumer Finance Fund (Fund 5530), which the Division uses to cover the cost of overseeing other providers in the consumer finance industry.
- The costs the Division of Financial Institutions incurs for overseeing debt services providers would be largely offset through licensing and other related fees to be established by rule. Licensure would be on a biennial basis. A debt services provider need obtain only one license to operate statewide, even if the provider has multiple business locations.
- The Association for Consumer Debt Relief (ACDR), the national association which both represents and accredits debt relief companies, currently lists 45 accredited debt service providers in business nationally.

Detailed Analysis

Overview

The bill repeals the current Debt Adjusting Law and replaces it with a new framework for biennial licensure and ongoing regulation of debt resolution service providers. The bill defines “debt resolution services” as any program or service to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more unsecured creditors. However, the bill specifies that debt resolution services do not include credit counseling services. Overall, the bill largely aligns Ohio with Federal Trade Commission (FTC) consumer protection standards.

As a result of these changes, the Division of Financial Institutions would incur new costs for licensing applicants, renewing licenses, and investigating potential violations of the bill. Under the bill, a license issued to a debt services provider would be valid for two years. These new costs would be at least partially offset through various application and license fees established by rule under the bill. These costs would presumably be paid from the Consumer Finance Fund (Fund 5530), which currently consists of licensing and other related regulatory fees charged to consumer loan companies, credit service organizations, check-cashing businesses, and other such consumer finance businesses.

Ultimately, the cost the Division of Financial Institutions incurs for regulating these debt services providers will depend on the number of applications made, licenses issued, and other regulatory costs involved. The Association for Consumer Debt Relief (ACDR), which represents and provides national accreditation of debt relief providers to verify that debt resolution service providers are meeting or exceeding current federal regulations, currently lists 45 accredited debt service providers.¹ Presumably these entities would apply for Ohio licensure under the bill.

Applications and licensing

The bill establishes certain application and licensing criteria the Division of Financial Institutions is to require on applications and processes for license approval, which are detailed in the LSC bill analysis. The bill further authorizes the Superintendent of Financial Institutions to adopt any rules necessary under the Administrative Procedure Act (APA), including reasonable application and renewal fees. The bill also authorizes the Superintendent to participate in and use any multistate licensing system, such as the National Multistate Licensing System (NMLS), commonly used to centralize licensure of other financial services providers. The bill requires the applicant or debt service provider to pay all applicable charges to use the system.

The bill also permits the Superintendent to conduct criminal history record checks of key officers of each applicant either through the Bureau of Criminal Investigation (BCI) or other approved vendor. The bill permits the Superintendent to charge a reasonable fingerprinting fee and order the applicant to pay for collecting and transmitting fingerprints. Base fees of the state-only and Federal Bureau of Investigation (FBI) background checks are \$22 and \$25.25, respectively. The \$22 state-only background check fee and a portion of the FBI background check fee are deposited into the state treasury to the credit of the Attorney General's General Reimbursement Fund (Fund 1060). The remaining portion of the FBI background check fee is sent to the FBI. Background checks may also be obtained by county sheriff's offices or other Webcheck locations, which may charge additional fees. Finally, the bill requires every debt services provider to file a surety bond in favor of the state in an amount prescribed by rule, up to \$50,000.

Enforcement and penalties

The bill requires the Superintendent to adopt rules for overseeing debt services providers within one year of the bill's effective date. This oversight would include the ability of the Division of Financial Institutions to (1) investigate the relevant business files of any provider offering debt resolution services in Ohio, and (2) if a violation is found, to impose penalties. Prior to issuing the penalty, the provider must be given notice and an opportunity to cure the violation. If the

¹ ACDR accreditation list, retrieved November 2025 from acdr.org/member-list.

violation is not remedied, the bill permits the Division to impose a penalty of up to \$1,000 per violation, with a maximum of up to \$100,000 for multiple violations. In addition to this, the bill specifies that licensed providers must provide an annual report to the Superintendent, with certain required information. If the provider fails to file or amend the annual report, the bill allows the Division to assess a civil penalty established by rule. Any such penalty revenue would be deposited into the GRF.