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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 131
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 131's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Sens. Roegner and McColley

Local Impact Statement Procedure Required: No

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Highlights

- Requiring licensing boards and agencies to change certification standards will likely result in an initial increase in costs for licensing authorities, arising from labor-intensive tasks including paperwork, rule promulgation, and investigative costs. Some boards and agencies will likely conform to the bill's requirements with existing resources.
- The bill provides sufficient flexibility in setting fees for issuing applicable licenses that it should have little to no effect on the revenue of agencies that issue licenses.
- The bill could result in further centralization of licensing and certification activities within the state's eLicensing system. The Department of Administrative Services (DAS) manages eLicensing, which is funded by both licensee transaction fees and remittances from other state agencies through the Professionals Licensing System Fund (Fund 5JQ0). DAS will experience an increase in costs, which would be paid from these sources.
- The bill prohibits political subdivisions from preventing workers practicing an occupation for which they hold a state license, possibly resulting in a revenue loss for some municipalities, if they currently collect fees for issuing licenses for such occupations.

Detailed Analysis

Occupational license reciprocity

The bill requires a state licensing authority to issue a license or government certification to an applicant who holds an out-of-state occupational license or who has a government certification, private certification, recognized certificate of meeting a national standard, or who

has a qualifying work history in a place that does not require an occupational license.¹ With some exceptions, any occupational licensing boards and agencies that administer licensure or certification programs are required to comply with the bill.² Such licensees are generally subject to state laws governing the occupation and to the jurisdiction of the relevant licensing authority.

A notable portion of Ohio's workforce is required to attain a state-issued license or certification in connection with a chosen occupation. License fees support the administrative efforts of state agencies, as well as costs associated with regulatory enforcement of laws governing the occupations. During FY 2020, 1.38 million active licenses had been issued by state boards and commissions, generating \$108.5 million in fee revenue. Those figures are up from 1.25 million licenses and \$89.0 million in revenue during FY 2015.³

Fiscal impact

Under S.B. 131, licensing authorities may set the fee for a license issued under the bill's reciprocity provisions equal to (1) the initial or renewal fee for such a license, under the applicable law, or (2) the current fee under the applicable law for an applicant who holds an out-of-state license. As a result of the discretion provided to such authorities, the bill appears to have little to no effect on revenue from licensing activities.

However, the bill does present upfront challenges that may require initial increases in work hours, and possibly costs, for the agencies. For example, the bill requires licensing boards to issue a written decision regarding applications, generally within 60 days of receiving a complete application; while some agencies are equipped with the staff or technology resources to handle this requirement, others may need to adjust administrative processes. In addition, the applicant review process in many agencies may require reorganization, and methods of testing whether out-of-state applicants are in compliance with licensure requirements will need to be developed and standardized. For some agencies, these tasks will be centralized through use of the eLicensing system managed by the Department of Administrative Services (DAS),⁴ while other agencies will have to decide how to comply with the bill's requirements.

Licensing authorities will have to share the cost of updating licensing procedures, either on an individual basis or through the DAS eLicensing system. These costs may induce license

¹ An applicant must satisfy other specified requirements to obtain an Ohio license under the bill. The other requirements generally relate to being in good standing in other licensing jurisdictions, having held a license or practiced the occupation for a certain period of time, and making license fee payments. Please see the LSC bill analysis for more detail on changes to licensing and certification standards.

² Licenses excluded from the bill's requirements include: those in connection to Ohio's medical marijuana program; judges in the Ohio Supreme Court, or any court of appeals or court of common pleas; commercial fishing licenses; commercial driver's licenses, money transmitter licenses, and insurance sales or producer licenses; lottery sales agent licenses; fantasy contest operator licenses; teledentistry permits; physician training certificates; and podiatrist training certificates.

³ These data include some business licenses, as are required to participate in specific professional service markets, but do not include figures for other occupations that require licensing, such as those issued by the Ohio Department of Education. For more detail regarding state licensing and certification activities, readers are referred to [LSC's Annual Report on Occupational Licensing and Regulatory Boards](#).

⁴ See the "eLicensing system" section for more information.

issuers to increase application or license fees, or to seek alternative means of providing for these expenses. The bill's provisions also apply to Ohio's political subdivisions, which may set their own license fees but cannot prohibit a person holding a state-issued license from practicing their occupation. As such, the bill could result in an unknown revenue loss for municipalities that currently issue licenses for state-regulated occupations and charge a licensing fee. Any monetary loss to a municipal government will depend on the municipal corporation's current fee structure and the number of workers licensed by the municipality.

eLicensing system

A number of agencies utilize Ohio's eLicensing system to store and track license applications and records. Under the current cost-sharing arrangement, the boards and commissions that use eLicensing are assessed a share of costs associated with system maintenance and updates, and remit those payments to DAS, which then provides for the system's operating and capital needs through the Professionals Licensing System Fund (Fund 5JQ0). Passage of the bill will require eLicensing system updates, as DAS reconfigures its software to accommodate reciprocity applications filed under new R.C. Chapter 4796. For the bill to be revenue neutral for DAS, the agency will have to raise revenue through raising transaction fees paid by users of the system or via increasing interagency fees.

In the latter scenario, it is probable that licensing boards and agencies will have to remit a higher percentage of their revenue, resulting in higher costs for agencies which utilize eLicensing. Should licensing authorities not raise licensing fees to compensate, DAS will absorb a greater amount and percentage of licensing fee revenue, at least while system updates are being performed.

Other administrative impacts

Administrative costs will accompany the bill; however, these costs cannot be determined on a statewide basis. Some boards will require rule promulgation, website and form modifications, and other "menu costs" associated with altering administrative policies and procedures. If licensing boards experience higher levels of applications, they are also likely to field a greater number of complaints and investigations in conjunction with their activities. Most licensing authorities should be able to handle such efforts through existing resources.