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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 524  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 524's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Hall

**Local Impact Statement Procedure Required:** No

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### Highlights

#### Taxation

- Provisions affecting the Department of Taxation would lower the Department's costs by an estimated \$3.4 million annually.

#### Justice and environment

- The Ohio Environmental Protection Agency (Ohio EPA) estimates that the bill's changes will generate an annual savings of approximately \$750,000 (e.g., newspaper publication and certified mailing costs), 3,500 hours of labor, and 1.5 full-time equivalent (FTE) staff positions.

#### General government

- The Department of Transportation could realize annual savings of approximately \$90,000 from the bill's provisions pertaining to electronic notifications and advertisements. These savings would accrue to Highway Operating Fund (Fund 7002) appropriation item 779491, Administration – State.
- The Department of Natural Resources' divisions of Mineral Resource Management and Oil and Gas Resources could see minimal administrative costs savings from the bill's provisions allowing or requiring certain notices and submissions to be carried out using electronic methods. Administrative costs for these divisions are paid from the Mining Regulatory and Safety Fund (Fund 5290) and the Oil and Gas Well Fund (Fund 5180), respectively.

## Health and Medicaid

- The Department of Aging could realize minimal savings due to the provision allowing the Advisory Council for the Aging to form a quorum and take votes at meetings conducted electronically. The savings would be due to any reductions in reimbursements for actual or necessary expenses.
- The Department of Medicaid may realize some administrative savings due to the provisions of the bill which allow for electronic forms of correspondence with certain providers for which hand delivery or certified mail is required by current law.

## Detailed Analysis

The analysis of the bill that follows is organized by subject area and state agency, with detailed comments on the bill's fiscal effects within each area. The subject areas are (1) taxation, (2) justice and environment, (3) general government, and (4) health and Medicaid. LBO is uncertain in several cases which state fund will experience cost savings, but where it is known, the fund is identified below.

### Taxation

The bill allows the Tax Commissioner to serve a notice or order electronically on a person's authorized representative, in addition to that person as provided in current law. It replaces a requirement that electronic means be used only with the person's consent, instead allowing such service through electronic means associated with the person's or representative's last known address. The bill specifies that the types of electronic notification the Commissioner may use include electronic mail, text message, or any other form of electronic communication. It requires the Commissioner to establish a system to issue notification of assessments to taxpayers through secure electronic means.

The Department of Taxation estimates that these provisions would result in cost savings of \$3.4 million per year. The Department already uses electronic means for various taxpayer communications through the Department's website and through the Ohio Business Gateway. The Department's administrative costs are paid from the GRF and a number of other state funds.

### Justice and environment

#### Environmental Protection Agency

The bill authorizes the Director of Environmental Protection (Ohio EPA) (1) to provide notice of a hearing on the Agency's website in circumstances where current law requires public notice by newspaper publication and (2) to deliver documents or notice by any method capable of documenting the intended recipient's receipt of the document or notice rather than requiring a document or public notice be provided by certified mail. Ohio EPA estimates that these changes will generate an annual savings of approximately \$750,000 (e.g., newspaper publication and certified mailing costs), 3,500 hours of labor, and 1.5 full-time equivalent (FTE) staff positions.

#### Department of Public Safety

The bill permits an administrative hearing on the suspension or impoundment of a driver's license or license plates for a failure to provide proof of motor vehicle insurance to be held remotely. This authority may reduce the time and effort required to conduct such hearings and

result in some administrative cost savings for the Bureau of Motor Vehicles (BMV). Current law, unchanged by the bill, requires the person requesting such an administrative hearing to pay for the cost of the hearing to the BMV Registrar, if the Registrar's order of suspension or impoundment is upheld.

### **Courts of record**

The bill requires, when a person forfeits bail for a traffic or equipment offense, a county court judge, mayor of a mayor's court, or clerk to submit to the BMV, in a secure electronic format, an abstract of the court record. Current law does not specify the method of submission.

Polling of clerks of court and conversations with the Ohio Judicial Conference indicate that many courts are already submitting records electronically, which suggests that their operations and costs will be unaffected by the bill. If a court or clerk currently submits paper records, they would incur a one-time cost to comply with the bill's requirement, including acquiring the capability to store and submit records online. By requiring the electronic submission of certain records, the bill will likely result in decreased record submission costs. This savings may at least partially offset the costs incurred by a court or clerk to make the switch from paper to electronic submission.

## **General government**

### **Department of Natural Resources**

The bill allows the Chief of the Division of Mineral Resources Management within the Department of Natural Resources (DNR) to send and receive required notices between the Chief and an applicant for a mining and reclamation permit using electronic methods with acknowledgement of receipt. Continuing law allows notices to be in written form. If the Chief uses electronic methods, the Division could see a slight reduction in administrative costs. Administrative costs for the Division of Mineral Resources Management are paid from the GRF and the Mining Regulation and Safety Fund (Fund 5290).

The bill also allows the Chief of DNR's Division of Oil and Gas Resources Management to require electronic submission of any application, report, test result, fee, or document that is required to be submitted under continuing law and requires all statements of production to be submitted electronically. However, the bill allows the Chief to make an exception for a person that has requested, for good cause, to be excluded from any requirement to make an electronic submission. To the extent that electronic submissions are used in place of written submissions, the Division of Oil and Gas Resources Management would also see a minimal savings in administrative costs. Administrative costs of the Division of Oil and Gas Resources are paid from the Oil and Gas Well Fund (Fund 5180).

### **Department of Transportation**

The Department of Transportation estimates that the changes to the advertising requirements in the bill would result in administrative savings of approximately \$90,000 annually. Those savings would occur since the agency will no longer need to devote staff time and materials for verifying and paying invoices for contract bid advertisements in newspapers. These costs are paid through Highway Operating Fund (Fund 7002) appropriation item 779491, Administration – State. Specifically, the bill allows the Director of Transportation to provide advertisement of contract bids electronically, rather than requiring that these advertisements appear in a

newspaper of general circulation. The bill also requires the Director of Transportation to publish notice of these bids in other publications that the Director considers advisable.

### **Department of Commerce – Division of Liquor Control**

When an applicant files for a liquor permit, the applicant must pay the required permit fee before the Division grants the permit. If the fee is unpaid, the Division provides notice to the applicant that the fee must be paid, or the application will be canceled. Under the bill, if the first notice of an unpaid fee is returned because of failure or refusal of delivery, the Division must provide the second notice by regular mail or electronic means. Currently, the Division sends these notices by regular mail. The Division of Liquor Control estimates that this change would result in some minimal administrative cost savings for the State Liquor Regulatory Fund (Fund 5LP0), and in particular line item 800646, Liquor Regulatory Operating Expenses.

### **Capital appropriations transfer notifications**

Under current law, state agencies are required to notify by mail certain General Assembly members regarding changes to capital appropriations. The bill adds electronic mail as a permitted form of notification, which may result in a negligible annual cost savings for state agencies required to make such notifications compared to current practice. The state agencies most affected by this notification requirement include the Adjutant General, the Attorney General, the Department of Higher Education, state universities and colleges, the Department of Natural Resources, the Department of Public Safety, the Department of Rehabilitation and Correction, the Department of Veterans Services, the Department of Youth Services, and the Ohio Facilities Construction Commission.

## **Health and Medicaid**

### **Department of Aging**

The bill allows the Advisory Council for the Aging to form a quorum and take votes at meetings held electronically if provisions are made for interactive public attendance at those meetings. This provision could result in minimal costs savings. The savings would be due to any reductions in actual and necessary travel reimbursements.

### **Department of Medicaid**

The bill allows certain forms of communication between the Ohio Department of Medicaid (ODM) and nursing facilities to be made via electronic means, as opposed to the hand delivery or certified mail required by current law. The bill further permits notifications and information provided by ODM to hospitals to be made via means other than certified mail, as is required by current law. ODM may experience administrative savings due to these provisions.