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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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135th General Assembly

Fiscal Note & Local Impact Statement

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Primary Sponsors: Reps. Hall and White

Local Impact Statement Procedure Required: No

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Highlights

Taxes, insurance, and casinos

- Provisions affecting the Department of Taxation would lower the Department's costs by an estimated \$3.4 million annually.
- Provisions affecting the Bureau of Workers' Compensation (BWC) and the Casino Control Commission (CAC) may reduce costs for those agencies. Any such cost decreases are likely to be minimal.

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, as well as minimal administrative cost savings if electronic recordings are permitted in certain Voluntary Action Program (VAP) meetings.
- The Department of Natural Resources' divisions of Mineral Resource Management and Oil and Gas Resources could see minimal administrative cost 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 GRF and the Mining Regulatory and Safety Fund (Fund 5290) and the Oil and Gas Well Fund (Fund 5180), respectively.

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 Commerce could see some minimal savings in administrative costs. In particular, the Division of Liquor Control, the divisions of Securities and Real Estate and Professional Licensing, and the Board of Building Standards may save on materials and labor, reducing expenditures from a number of the Department’s funds.

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 Job and Family Services may realize savings due to the provisions that (1) remove the option of filing paternity acknowledgments in person and (2) in regards to preliminary conferences for public assistance groups who have received written notice of sanction, removes references to “face-to-face” conferences. Any savings will likely be minimal.
- The Department of Medicaid may realize 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. The Department anticipates that savings for the state and federal governments could amount to a significant portion of the roughly \$18,000 the Department currently spends on certified mail per year.
- The bill removes obsolete provisions of law pertaining to the Department of Developmental Disabilities. The Department expects the removal of these provisions to be cost neutral.

Education

- The Department of Education, school districts, and other public schools may realize some administrative cost savings due to provisions that, in general, permit these entities to conduct certain activities electronically instead of through physical means or in person.

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) taxes, insurance, and casinos, (2) justice and environment, (3) general government, (4) health and Medicaid, (5) education, and (6) capital appropriations. LBO is uncertain in several cases which state fund will have lower costs, but where it is known, the fund is identified below. Some bill provisions with no fiscal effect are listed below; please see the bill analysis for information on other provisions with no fiscal effect.

Taxes, insurance, and casinos

Department of 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 (TAX) 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.

Several provisions in the bill will not have fiscal effects, as they codify current practice. For example, the Department already publishes a list of "qualified distribution center" certificate holders and their proportion of total property delivered to a destination inside Ohio. The bill requires this commercial activity tax (CAT) information to be posted for at least four years after the date of issuance, and the agency already posts comprehensive data from 2015 to 2023.¹ Similarly, the bill requires the Department to post on its website a list of suppliers licensed to distribute or import motor fuel for consumption in the state, which it already does.

Bureau of Workers' Compensation

The bill removes the current requirement that a stenographer appointed by the Bureau of Workers' Compensation (BWC) must be the person who takes any testimony, and it removes a requirement that BWC pay for stenographic depositions when a claim is appealed to a court (but retains the requirement that BWC pay for the depositions filed). These provisions may minimally reduce BWC's expenditures related to stenographer cost. The provisions have no direct fiscal effects on local governments.

The bill repeals a requirement that the consultation between the BWC Administrator and a designee that must occur before the designee issues certain orders under the Public Employment Risk Reduction Program take place either in person or by telephone, thereby allowing consultation by other means. This provision may facilitate such consultations in some circumstances, but has no other direct fiscal effect on the state and has no direct fiscal effect on local governments.

¹ See the [Qualified Distribution Center Certificate Holders](https://tax.ohio.gov/business), which is available on TAX's website: tax.ohio.gov/business.

Casino Control Commission

The bill eases restrictions on the means the Casino Control Commission (CAC) may use to deliver the following official notices from CAC to casino patrons and licensees, adding delivery via commercial carriers: (1) notifications issued to persons on the casino or sports gaming exclusion list, (2) emergency orders suspending, limiting, or conditioning a licensee's license, issued by the CAC Director to licensees other than casino operators, casino management companies, or holding companies,² and (3) communications to casino gaming businesses regarding the status of an employee who has had their key employee license revoked.³ These communications also require acknowledgement of delivery under the bill. Also, certain applications to the Commission that currently must be made under oath, are permitted by the bill to be certified as true instead. These provisions will have minimal cost savings, if any. CAC expenses are paid from the Casino Control Commission Fund (Fund 5HS0, a Dedicated Purpose Fund).

Insurance

The bill modifies requirements governing what an insurance institution, agent, or insurance support organization must do when any individual submits a written request for access to recorded personal information about himself or herself. Under existing law, the insurance institution, agent, or insurance support organization must allow the person to see and copy the information himself or herself, if so desired. Under the bill, the manner by which the person obtains a copy of such recorded information must be agreed upon by the individual and the insurance institution, agent, or insurance support organization. This provision has no direct fiscal effect on the state or any local government.

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.

The bill also authorizes electronic records of proceedings (rather than a stenographic only, as in current law) in certain public meetings related to the Voluntary Action Program (VAP). Under the VAP, companies are permitted to investigate possible environmental contamination, and clean it up if necessary, in coordination with Ohio EPA. This change could create administrative cost savings for Ohio EPA.

² The bill additionally allows a copy of the emergency order to be filed with the party's attorney electronically.

³ The bill also allows communications regarding a key employee license which has been revoked by CAC to be issued electronically.

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. The bill also allows the operator of a mine to make the initial report of an accident resulting in a loss of life by telephone or electronic format rather than by telephone or telegraph as under current law. To the extent that electronic formats are used to make these notices, 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).

In addition, the bill allows the Chief of DNR's Division of Oil and Gas Resources 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. The bill also changes requirements that other specified notices be made via registered mail by instead allowing them to be made via certified mail or by electronic format. To the extent that electronic submissions are used in place of written submissions, the Division of Oil and Gas Resources 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).

Solid waste management districts

The bill allows the board of county commissioners of a county solid waste management district and the board of directors of a joint solid waste management district to submit a report of fees and accounts to Ohio EPA in any manner prescribed by the Director of Environmental Protection, rather than by computer disk only, as in current law. This change could result in indirect cost savings to these locally operated solid waste management districts.

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.

The bill makes changes to the BMV policies and procedures regarding the application for an unrestricted driver's license by the holder of a restricted driver's license, driver training school anatomical gift instruction, and surrender of a driver's license or motor vehicle registration because of a failure to maintain motor vehicle insurance. These provisions may reduce the time and effort required to perform certain BMV operations and result in some administrative cost savings.

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.

It appears 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 likely results 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.

Law enforcement

The bill's provision relating to the seizure of license plates after certain offenses may result in a negligible savings for law enforcement agencies generally, as an arresting officer would no longer be required to remove and store the license plates. Instead, the bill requires the license plates to remain on the vehicle unless otherwise ordered by a court.

Department of Rehabilitation and Correction

The bill changes, as described below, two current law notification requirements related to certain operations of the Department of Rehabilitation and Correction (DRC). The changes potentially result in a minimal annual cost savings from what DRC otherwise may have expended to comply with those requirements under current law.

Under current law, if a person escapes from the control or custody of DRC, the Department is immediately required to report the escape, by telephone and in writing, to certain specified entities. The written notice may be by either facsimile or mail. The bill also permits the use of electronic mail.

Current law requires the written notice, request, and certificate for a prisoner's request for final disposition of a pending untried indictment, information, or complaint against the prisoner be promptly sent by the warden or superintendent having custody of the prisoner to the appropriate prosecuting attorney and court by registered or certified mail, return receipt requested. Under the bill, if the appropriate prosecuting attorney and agency having custody of the prisoner have previously agreed, then the written notice, request, and certificate may be sent by electronic mail or facsimile, in lieu of registered mail or certified mail.

General government

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

The bill includes three circumstances where the Division of Liquor Control may use electronic or regular mail for official notification purposes instead of certified mail as required under current law. Taken together, these changes will 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. The first situation where email or regular mail may be used for notification purposes is when an applicant files for a liquor permit and is required to pay the applicable fee. Under current law, 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. The second change to the notification process pertains to cases in which a liquor agency contract is proposed, assigned, or relocated. This requires the Division to notify the applicable legislative authorities. Under the bill, these notifications are no longer required to be sent by certified mail. The third situation where the bill allows for notification by email or standard mail concerns notices that are sent to law enforcement agencies responsible for enforcing liquor laws. Current law requires the Division to send notice by certified mail to the applicable legislative authority and law enforcement agency of any entity that receives liquor permit distributions in situations where the Division believes law enforcement has failed to uphold liquor laws. The bill allows these notices to be sent electronically as an alternative.

Division of Real Estate and Professional Licensing and Division of Securities

The bill provides for various circumstances where the Division of Securities and the Division of Real Estate and Professional Licensing is either allowed or required to correspond by electronic means rather than by physical mail as required under current law when providing notice of certain events or services. This would result in some minimal administrative cost savings for the Division of Securities Fund (Fund 5500) and the Division of Real Estate Operating Fund (Fund 5490).

Board of Building Standards

The bill removes the requirement that the Department must assign stenographers to the Board of Building Standards to aid in their duties. It is unclear how frequently stenographers are used; however, this provision could result in a minimal cost savings for the Industrial Compliance Operating Fund (Fund 5560) that is used by the Board of Building Standards for operating expenses.

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 cost savings. The savings would be due to any reductions in actual and necessary travel reimbursements.

Department of Job and Family Services

The bill includes a few provisions that impact the Ohio Department of Job and Family Services. It removes the option to file a paternity acknowledgement in person with the Department's Office of Child Support. In addition, currently a public assistance group who has received notice of sanction may request a face-to-face preliminary conference with a county department of job and family services. The bill removes reference to "face-to-face." It is possible that these provisions could save time and thereby reduce administrative costs. However, any savings will likely be minimal. Lastly, the bill also modifies a provision to specify certain unemployment compensation warrants may have the Director's "signature" rather than bear a "facsimile signature" of the Director. This provision is not anticipated to have a fiscal impact.

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.

In total, ODM estimates that they send approximately 2,280 letters per year, and that most, but not all, of these mailings could be eliminated due to the provisions of the bill. At an estimated cost of \$8 per certified mail letter with pre-printed return address, this gives an approximate certified mail cost for the Department of just over \$18,000 per year. Typically, ODM receives federal reimbursement for 50% of administrative expenses such as mailings. The Department would expect the bill to create savings by eliminating most, but not all, of these expenditures.

Department of Developmental Disabilities

The bill removes obsolete provisions of law pertaining to the Ohio Department of Developmental Disabilities (ODODD). These provisions require that the Director of ODODD submit a report summarizing licensure statistics and information pertaining to residential facilities to the General Assembly after the end of calendar years 2003, 2004, and 2005. These portions of law have served their intended purpose and been rendered obsolete, and ODODD expects the removal of these provisions to be cost neutral.

Education

The bill may decrease the administrative costs of the Department of Education, school districts, and other public schools by making various changes that, in general, permit these entities to conduct certain activities electronically instead of through physical means or in person. Briefly, the bill's changes allow these entities to issue certain notices or documents electronically; to use additional (presumably less costly) mailing options, including electronic forms of correspondence, for which hand delivery or certified mail is required by current law; and to conduct certain hearings or meetings electronically rather than in person. The bill's changes also remove certain requirements for maintenance of stenographic records and publication by newspaper of certain notices.

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.