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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 16  
135<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 16's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Merrin

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill enacts the Ethics and Financial Disclosure Reform Act to make several changes to the laws governing ethics for public officials and employees and reporting requirements for lobbyists. Many of the changes clarify language, streamline reporting, and codify existing guidance by ethics regulatory entities into law.
- The bill may necessitate the Ohio Ethics Commission (OEC) hiring an additional administrator for its Financial Disclosure Section.
- The Joint Legislative Ethics Committee (JLEC) will incur costs related to modifying its existing online lobbying registration and reporting system. The modifications necessary are likely to require significant information technology resources and staff time.
- The bill's synchronization of the lobbyist registration schedule (changing from annual to biennial registration for some parties) may result in a revenue loss of at least \$110,000 in registration fees per biennium to JLEC's Joint Legislative Ethics Fund (Fund 4G70).
- Any additional criminal violations of the Ethics Law are expected to be few in number and not likely to create any discernible annual increase in local criminal justice system expenditures and little, if any, related court cost and fine revenue generated.

### Detailed Analysis

The bill makes various changes to the laws governing ethics for public officials and employees and reporting requirements for lobbyists. Many of the changes will clarify ambiguous language, streamline reporting, and codify existing guidance by ethics regulatory entities into law. The changes with the most notable fiscal impacts are discussed below. A more in-depth discussion of every provision can be found in the LSC bill analysis.

## **Statewide elected officials' service on corporate boards**

The bill prohibits a statewide elected official (the Governor, Lieutenant Governor, Attorney General, Auditor of State, Treasurer of State, or Secretary of State or the Chief Justice or a Justice of the Supreme Court) from receiving compensation or other payment for serving on the board of directors of a corporation, with certain exceptions. It also requires a statewide elected official who receives compensation for board service to include certain information in the official's annual financial disclosure statement filed under the Ethics Law.

Under the bill, the Ohio Ethics Commission (OEC) has the authority to enforce this prohibition. If, after a hearing, OEC finds that a violation has occurred, OEC must fine an official in violation an amount equal to the illegally received compensation. Because the prohibition only applies to statewide elected officials, the number of violations is expected to be very few annually, therefore any costs to OEC related to hearings and any revenue from fines is likely to be minimal and irregular.

## **Public Utilities Commission nominees**

The bill requires every nominee who is submitted to the Governor for possible appointment to the Public Utilities Commission of Ohio (PUCO) first to submit a disclosure statement about the nominee's business relationships and ties to entities regulated by PUCO. Continuing law requires PUCO commissioners to file an annual financial disclosure statement (FDS), but does not require nominees to file before they become commissioners. The disclosure statement for a nominee would require more information than what is required in the existing FDS from commissioners.

The statement is a public record and must be made available on the PUCO and OEC websites by the time the nominee is submitted to the Governor. Although there might be some negligible administrative costs for doing so, this requirement otherwise has no fiscal effect on either PUCO or OEC.

The bill gives OEC jurisdiction to enforce the law governing PUCO nominee disclosure statements in the same manner as it currently enforces the law governing FDSs. Collectively with the enforcement of the corporate board restriction described above, the enforcement costs will have a minimal fiscal impact, with any additional work and related operating expenses absorbed with existing staff and appropriated resource.

## **Public officials' financial disclosure statements**

Continuing law requires elected state, county, and city officials; candidates for those offices; and numerous appointed officeholders and upper level state employees to file an annual FDS with the appropriate ethics commission. Executive branch officials file with OEC, while legislative branch officials file with JLEC and judicial branch officials file with their Board of Professional Conduct. The bill does not change the list of persons who must file an FDS, but it does make several changes to the required content of an FDS and to related procedures. Many of the changes are to clarify ambiguous language, streamline reporting, and codify existing guidance by regulatory entities into law.

One notable change is to the income ranges that General Assembly members must use to report the amount received from each source of income. The bill changes the largest reportable income range, \$100,000 or more, to \$100,000 to \$249,999 and adds an additional range for

\$250,000 or more. Under continuing law, only legislators are required to report income. This change, in addition to the later described changes to lobbyist registration schedules will likely result in one-time costs for JLEC to modify its existing online lobbying registration and reporting system.

The bill also requires OEC to publish on its official website each FDS filed by a person who holds or is a candidate for an elected office, beginning with FDSs filed for 2025. Those statements also are to include a link to the Secretary of State's campaign finance database. This provision has no substantive fiscal effect as it largely appears to codify current practice.

According to OEC, the bill may necessitate the hiring of an administrator in its Financial Disclosure Section. Presumably, this would be related to the bill's adjustments to the FDS filing process.

## **Lobbying**

The following sections discuss a few of the most notable changes the bill makes to the laws that govern lobbyists who are subject to state regulation.

### **Disclosure of lobbyist compensation**

The bill requires lobbyists and their employers to disclose the amounts employers paid for lobbying activity when they file their updated registration statements, which mirrors federal law. This provision largely increases transparency by allowing spending to be tracked in relation to which bills are being lobbied. The bill requires JLEC to make this information available, posing some negligible administrative costs.

### **Public access to lobbying information**

The bill (1) explicitly requires JLEC to publish lobbying statements on its official website, which it currently does, (2) requires that, beginning January 1, 2025, those statements also include a link to the Secretary of State's campaign finance database, (3) eliminates a requirement that JLEC distribute lists of registered lobbyists and employers to certain public officials, but still requires JLEC to produce those lists and make them available, and (4) eliminates a requirement that JLEC maintain a list of all executive agencies and make it available to the public upon request, and requires OEC to do so instead. These provisions are generally procedural and have no substantive fiscal effect.

### **Lobbyist registration schedule**

Beginning January 1, 2024, the bill synchronizes the registration periods for executive agency and retirement system lobbyists with the current registration periods for legislative lobbyists. Under the bill, all lobbyist registrations expire on December 31 of an even-numbered year – that is, they are valid for a legislative biennium. Currently, executive agency and retirement system lobbyists' registrations expire on January 31 of the year following the year of registration, meaning that they must register annually.

The bill does not change the \$25 registration fees that all lobbyists must pay each registration period; those fees are deposited in the Joint Legislative Ethics Fund (Fund 4G70). Because the bill extends the validity of executive agency and retirement system lobbyists' registrations, it effectively reduces their registration fees by half so that they are the same as for legislative lobbyists. The change from annual executive agency and retirement system

registration to a biennial registration structure will result in a revenue loss of at least \$110,000 per biennium. Total biennial revenue credited to Fund 4G70 was \$372,499 in FY 2018-FY 2019 and \$215,041 in FY 2020-FY 2021.

As mentioned, the bill also makes several changes to the required content of a financial disclosure statement and to related procedures, including the income ranges that General Assembly members must use to report the amount received from each source of income.

The changes to reporting categories and registration cycles will likely result in one-time costs for JLEC to modify its existing online lobbying registration and reporting system. JLEC staff will create the system design parameters, but will need to contract for the programming. The modifications necessary are likely to require significant information technology (IT) resources and staff time.

## **Bureau of Criminal Investigation**

The bill specifies that the Bureau of Criminal Investigation (BCI) may assist OEC and JLEC in investigating violations of the Ethics Law, upon request. BCI has assisted these agencies in the past, but the bill clarifies the law in this regard. As a result, this may encourage further joint investigations. To the extent that BCI becomes more involved in ethics-related investigations, there could be increased costs to the Office of the Attorney General, the agency that oversees BCI.

## **Local fiscal effects**

The bill's changes primarily impact state entities and individual filers. Any additional criminal violations of the Ethics Law are expected to be few in number and not likely to create any discernible annual increase in local criminal justice system expenditures and little, if any, related court cost and fine revenue generated.