



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: S.B. 249 of the 131st G.A.

Date: December 8, 2016

Status: As Reported by Senate Transportation,
Commerce & Labor

Sponsor: Sen. Patton

Local Impact Statement Procedure Required: No

Contents: Requires the licensure of commercial roofing contractors under the Department of Commerce

State Fiscal Highlights

- The bill requires commercial roofing contractors to be licensed by the newly created Roofing Section, to be under the current Ohio Construction Industry Licensing Board (OCILB) housed within the Department of Commerce (COM).
- OCILB would incur costs in administering the new license requirements, principally for compensation for the five additional OCILB members serving under the Roofing Section.
- Presumably, the initial and renewal license and examination fees would offset the operating costs of overseeing these licensees. Current specialty contractor licenses issued by OCILB are \$60 and the examination fee is \$25. This revenue is deposited into the Industrial Compliance Operating Fund (Fund 5560).
- According to the Bureau of Labor Statistics, there are just over 4,700 roofers in Ohio. Of that number, a preliminary estimate from COM is that about 1,500 are commercial roofers.

Local Fiscal Highlights

- The number of civil cases filed in county and municipal courts may minimally increase as a result of the bill's provisions. If so, this would increase administrative costs for these courts, although these expenses would be offset by the court costs and filing fees collected from the additional cases.

Detailed Fiscal Analysis

Overview

The bill requires all commercial roofing contractors to be licensed by the state. Currently, the Ohio Construction Industry Licensing Board (OCILB), housed within the Department of Commerce's (COM) Division of Industrial Compliance, oversees the licensing of specialty contractors in various construction-related professions who perform commercial work in Ohio. There are three OCILB sections responsible for licensure in the fields they oversee: (1) the Plumbing and Hydronics Section, (2) the Electrical Section, and (3) the Heating, Ventilating and Air Conditioning (HVAC), and Refrigeration Section. The bill creates a new section under OCILB – the Roofing Section – to administer and enforce the roofing contractor license requirements. The bill requires roofing contractors to satisfy the same requirements that other specialty contractors must satisfy under continuing law, including passing an examination. The bill also requires OCILB to send notice of the bill's provisions to the legislative authority of a municipal corporation or county before the bill's effective date and publish notice in applicable trade publications and newspapers after the bill's effective date. According to the Bureau of Labor Statistics' May 2015 State Occupational Employment Estimates, there are 4,710 roofers in Ohio. Of that number, COM estimates about 1,500 are commercial roofers.

Licensing expenditures and revenues

The bill establishes the Roofing Section which consists of five members, bringing OCILB members from 17 currently up to 22 in all. It requires the Roofing Section to (1) adopt rules for issuing licenses, (2) investigate violations, (3) maintain a record of its proceedings, (3) grant approval of training agencies to offer continuing education courses, (4) establish or approve continuing education curriculum, and (5) design the examination for roofing contractors. According to state payroll data, most current OCILB members serve as Board Member 2 under the state's job classification plan and are paid \$23.45 per hour for their services, plus expenses.

Additionally, the Administrative Section of OCILB may incur a minimal additional cost. Under current law, the Administrative Section is responsible for administrative matters such as scheduling contractor examinations for each section, paying expenses and charging fees associated with the examinations, issuing and renewing licenses, and adopting rules for continuing education requirements and fees. Given the approximate 1,500 commercial roofers in the state, the Administrative Section will have additional work issuing and renewing licenses.

All of these costs will at least be partially offset from application, examination, and license renewal fees. The current initial and renewal license fee for other specialty contractors licensed by OCILB is \$60 and the examination fee is \$25. Presumably, the same fee amount would be assessed to roofing contractors. These fees are deposited

into the Industrial Compliance Operating Fund (Fund 5560). The Board collected \$1.3 million in revenue in FY 2015, while expenditures amounted to approximately \$797,000. For FY 2016, the Board has an operating budget of approximately \$1.1 million.

Penalties for noncompliance

Like the current penalties that apply to OCILB-regulated industries, the bill allows the Board to impose a civil fine of up to \$1,000 per violation per day for roofing contractors that are out of compliance. A failure to register as a roofing contractor may also be classified as a criminal penalty, specifically a minor misdemeanor that carries a maximum fine of \$150 per day and a misdemeanor of the fourth degree on subsequent violations that carries a maximum fine of \$250 and up to 30 days in jail. Court cost and fine revenue would offset some of any additional expense created for local criminal courts to adjudicate these matters. Finally, for any new misdemeanor cases, the state receives court costs totaling \$29. Of that amount, \$20 is deposited into the Indigent Defense Support Fund (Fund 5DY0) and \$9 is deposited into the Victims of Crime/Reparations Fund (Fund 4020).

Notifications and registration requirements

OCILB will also incur a minimal cost to send notice and publish information about the bill's provisions. The bill requires OCILB to send notice about the bill's requirements by regular mail to municipal corporations and board of county commissioners 120 days before the bill's effective date. Additionally, OCILB must publish notice of the bill's provisions in appropriate trade publications and in a newspaper of general circulation in nine of the most populous metropolitan areas of Ohio. COM estimates that this will cost approximately \$1,500 and will be paid out of Fund 5560.