H.B. 289

132nd General Assembly (As Introduced)

Reps. Hood and McColley, Brenner, Thompson, Becker, Brinkman, Riedel, Dean, Goodman, Keller, Lipps

BILL SUMMARY

Expiration of occupational licensing boards

- Requires all occupational licensing boards to be renewed at least once every five years by the General Assembly.
- States that a board that is not renewed within five years of its last renewal or creation expires.
- Requires all boards to be reviewed and renewed by December 31, 2023, unless created within five years of that date.
- Creates a process for concluding the business and operation of an expired board and allows any person to engage in an occupation if the board that licensed that occupation has expired.

General Assembly to review occupational licensing boards

- Requires the President of the Senate and the Speaker of the House of Representatives to create standing committees in each chamber to review occupational licensing boards scheduled to expire in a calendar year.
- Requires the standing committees to review approximately 20% of the boards each year, and to review all boards at least once every five years.
- Requires a board before a standing committee to submit a report containing information about the board's purpose, workload, budget, and staffing.

- States that the board has the burden of proving the need for its continued existence and lists factors for a House or Senate standing committee to consider when making a determination about a board.
- Requires the Senate President and the Speaker of the House to notify the Chief of the Common Sense Initiative Office (CSIO) when a board is to be reviewed, and requires the Chief or the Chief's designee to testify before the standing committee about any information the CSIO has received regarding the board.
- Allows a standing committee to publish a report of the committee's findings and recommendations and suggests information that the report should include.

Legislative Service Commission Director to produce assessment of bills

- Requires the Director of the Legislative Service Commission (LSC) to assess all bills introduced in a General Assembly that propose to substantially change or enact occupational regulations.
- States that the Director's assessment must determine whether a bill's regulatory scheme is consistent with the state's policy on occupational licensing and regulation, and the bill's potential impact on employment, consumer choice, market competition, and cost to government.
- Allows the sponsor of a bill that the Director assesses to submit information to the Director to aid in the assessment.

LSC Director to assess occupations

- Requires the Director of LSC to assess 20% of the occupations regulated by the state each calendar year beginning in 2018, requires all occupations to be assessed at least once before 2022, and on a five-year rolling basis after 2022.
- Permits the Director to align the assessments of occupations with a standing committee's review of occupational licensing boards.
- Requires the assessment to attempt to determine whether the current regulatory scheme for an occupation is consistent with the state's policy on occupational licensing and regulation.
- States that an assessment must describe how the current regulatory scheme could be improved to better align with the state's policy on occupational licensing and regulation.

-2-

Antitrust review by CSIO

- Requires the CSIO to review and approve or disapprove certain board or commission actions or proposed actions concerning occupation or industry regulation that may have antitrust implications.
- Voids an action or proposed action disapproved by the CSIO.
- Allows a board or commission that has taken or proposes to take an action, person
 who is affected or is likely to be affected by an action taken or proposed by a board
 or commission, or a person granted a stay in court to refer an action for review by
 the CSIO.
- Requires a person to obtain a determination from the CSIO before pursuing a court
 action for a violation of antitrust laws, and grants the state, a board or commission,
 or a member of a board or commission the right to request a stay of antitrust
 proceedings that lasts until the Office approves or disapproves the action.
- Exempts the following persons from the exhaustion requirement and the stay of court proceedings: the Attorney General, a county prosecutor, or any assistant prosecutor designated to assist a county prosecutor.
- Exempts from CSIO's review any action in which members of the board or commission who are members of the profession affected by the action are statutorily prohibited from participating in the action.
- Requires CSIO to adopt rules under the Administrative Procedure Act to implement and administer the bill's review provisions.

Official state policy on occupational licensing and regulation

- Establishes a state policy on occupational licensing and regulation to be used when a body is reviewing an occupational licensing board or the actions of a board.
- Requires the state to use the least restrictive regulation where the state finds it necessary to displace competition, and states that the least restrictive regulation is that which relies on market competition and private remedy to protect consumers.
- Lists appropriate state actions to be taken to protect against specific harms to consumers.
- Preempts local law or regulation inconsistent with the state's policy on occupational licensing and regulation to the extent that a political subdivision regulates an occupation that the state also regulates.

TABLE OF CONTENTS

Expiration of occupational licensing boards	4
General Assembly to review occupational licensing boards	
Report submitted by occupational licensing board to committee	5
Evidence submitted by occupational licensing board to committee	6
Common Sense Initiative Office Chief to appear before standing committee	8
Requirements for report published by standing committee	9
LSC Director to produce assessment of bills	10
LSC Director to assess occupations	12
Antitrust review by CSIO	12
Covered entities	13
Reviewable actions	13
Parties	14
Procedure	14
Exhaustion and stay	15
Official state policy on occupational licensing and regulation	16
Least restrictive regulation	17

CONTENT AND OPERATION

Expiration of occupational licensing boards

The bill requires all occupational licensing boards to be renewed at least once every five years by the General Assembly. If a board is not renewed within five years of its last renewal or creation, the board expires on the 31st day of December of the fifth year after that renewal or creation. Any board that is not renewed before December 31, 2023, except for boards created within five years of that date, will expire on that date. A board is renewed when the General Assembly enacts a law that expressly continues statutes creating, empowering, governing, or regulating the board. The review date for a board does not change under the bill when a statute creating, empowering, governing, or regulating a board is amended. Rather, the review date is only changed if the amendment expressly alters the review date.

The bill creates a process for winding up the affairs of an expired board. Under the bill, if an occupational board expires, any person may engage in the profession or activity that was formerly licensed by the board without a license, notwithstanding any other state law to the contrary.³ Additionally, the Director of Budget and Management

³ R.C. 101.62(B).



¹ R.C. 101.62(B).

² R.C. 101.62(E).

cannot authorize the expenditure of money for a board on or after the board's expiration date.⁴

Under the bill, the General Assembly also may enact laws to conclude a board's operations in an orderly fashion. Unless the General Assembly enacts contrary laws, the orders, licenses, contracts, and other actions taken by the board remain in effect according to their terms.⁵ Similarly, any claims pending against the expired board are not terminated, but the Attorney General succeeds the board in any pending claim. The General Assembly may also transfer functions of some or all of an expired board to a successor agency, board, or officer.

General Assembly to review occupational licensing boards

The bill requires the President of the Senate and the Speaker of the House of Representatives, before March 1 in each calendar year, to establish respective standing committees to review those occupational licensing boards that are scheduled to expire in that calendar year.⁶ The Senate President and the Speaker of the House also may direct those standing committees to review a board that does not expire in that year but for which the Director of the Legislative Service Commission (LSC) has performed a review (see "**LSC Director to assess occupations**," below). The standing committees must review 20% of the occupational licensing boards in each year, and all boards must be reviewed at least once every five years.

Report submitted by occupational licensing board to committee

Under the bill, each occupational licensing board that appears before a standing review committee must submit a report that contains all of the following information:

The board's primary purpose and its various goals and objectives;

-5-

- The board's past and anticipated workload, the number of staff required to complete that workload, and the board's total number of staff;
- The board's past and anticipated budgets and its sources of funding; and

⁴ R.C. 101.62(C).

⁵ R.C. 101.62(D).

⁶ R.C. 101.63(A).

• The number of members of its governing board or other governing entity and their compensation, if any.⁷

Evidence submitted by occupational licensing board to committee

The bill requires each occupational licensing board to demonstrate to the standing committee a public need for its continued existence. In determining whether a board has demonstrated that need, the standing committee must consider, as relevant, all of the following:

- Whether continuing the board is necessary to protect the public's health and safety, and if so, whether the board's authority is narrowly tailored to protect against present, recognizable, and significant harms to the public's health and safety;
- Whether the public could be protected or served in an alternate or less restrictive manner;
- Whether the board serves a specific private interest;
- Whether the board's rules are consistent with the legislative mandate expressed in the statutes that created and empowered the board;
- The extent to which:
 - The board's jurisdiction and programs overlap or duplicate those of other boards;
 - The board coordinates with those other boards;
 - The board's programs could be consolidated with the programs of other state departments or boards.
- How many other states regulate the occupation, and the amount of regulation the board exercises compared to other states;
- Whether private contractors could be used, in an effective and efficient manner, either to assist the board in the performance of its duties or to perform those duties instead of the board;
- Whether the operation of the board has inhibited economic growth, reduced efficiency, or increased the cost of government;

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⁷ R.C. 101.63(B).

- An assessment of the board's authority regarding fees, inspections, enforcement, and penalties;
- The extent to which the board has permitted qualified applicants to serve the public;
- The cost-effectiveness of the board in terms of number of employees, services rendered, and administrative costs incurred, both past and present;
- Whether the board's continued operation has been impeded or enhanced by existing statutes and procedures and by budgetary, resource, and personnel practices;
- Whether the board has recommended statutory changes to the General Assembly that would benefit the public as opposed to the persons the board regulates, if any, and whether its recommendations and other policies have been adopted and implemented;
- Whether the board has required any persons it regulates to report to it the impact of board rules and decisions on the public as they affect service costs and service delivery;
- Whether persons the board regulates, if any, have been required to assess problems in their business operations that affect the public;
- Whether the board has encouraged public participation in its rule-making and decision-making;
- The efficiency with which formal public complaints filed with the board have been processed to completion;
- Whether the purpose for which the board was created has been fulfilled, has changed, or no longer exists;
- Whether federal law requires that the board be renewed in some form;
- An assessment of the board's administrative hearing process, if the board has one, and whether that hearing process is consistent with due process rights;
- Whether the requirement for occupational licensure is consistent with the
 official state policy on occupational licensing (see "Official state policy
 on occupational licensing and regulation," below), serves a meaningful,

defined public interest, and provides the least restrictive form of regulation that adequately protects the public interest;

- The extent to which licensing ensures that practitioners have occupational skill sets or competencies that are substantially related to protecting consumers from present, significant, and substantiated harms that threaten public health and safety, and the impact that those criteria have on applicants, particularly those with moderate or low incomes, seeking to enter the occupation or profession;
- The extent to which the requirement for the occupational license stimulates or restricts competition, affects consumer choice, and affects the cost of services; and
- An assessment of whether changes are needed in the board's enabling laws for it to comply with the criteria suggested by the considerations listed above.⁸

The bill establishes that, for the purposes of reviewing a board, a government regulatory requirement protects or serves the public interest if it provides protection from present, significant, and substantiated harms to the health and safety of the public.

Common Sense Initiative Office Chief to appear before standing committee

The bill requires the Senate President and the Speaker of the House to notify the Chief of the Common Sense Initiative Office (CSIO) when an occupational licensing board is identified to be reviewed by a standing committee to determine whether the board should be renewed. The Chief, or the Chief's designee, must appear before the committee and testify, with respect to the board, about at least all of the following:

- Whether CSIO has, within the past five years, received commentary related to the board under CSIO's process for adverse impact review;
- Whether CSIO has, within the past five years, received advice from the Small Business Advisory Council related to the board; and

⁹ R.C. 101.64.



⁸ R.C. 101.63(C)(1) through (24).

 Any other information the Chief believes will address the board's effectiveness and efficiency, and in particular, the quality of customer service the board provides.¹⁰

Requirements for report published by standing committee

Under the bill, a standing committee of the Senate or the House that has reviewed an occupational licensing board may publish a report of its findings and recommendations.¹¹ The report may include information for more than one board the committee reviewed. If the committee prepares and publishes a report, it must send a copy to the Senate President, the Speaker of the House, the Governor, and each affected board. Any published report must be made available to the public in the offices of the President of the Senate and the Speaker of the House of Representatives during reasonable hours. As part of a report, a committee may present its recommendations to the General Assembly in bill form.

If the committee makes recommendations about a board in its report, the recommendations should indicate how the implementation of the recommendations will accomplish each of the following:

- Improving efficiency in the management of state government;
- Improving services rendered to Ohio citizens;
- Simplifying and improving preparation of the state budget;
- Conserving Ohio natural resources;
- Promoting the orderly growth of Ohio and its government;
- Promoting the idea that occupational regulations must be construed and applied to increase economic opportunities, promote competition, and encourage innovation;
- Providing for the least restrictive regulation by repealing the current regulation and replacing it with a less restrictive regulation that is consistent with the state's policies on occupational licensing (see "Official state policy on occupational licensing and regulation," below);

¹⁰ R.C. 101.64(A) through (C).

¹¹ R.C. 101.65(A).

- Improving the effectiveness of the services performed by the service departments of the state;
- Avoiding duplication of effort by state agencies or boards; and
- Improving the organization and coordination of the state government in one or more of the ways listed above.¹²

LSC Director to produce assessment of bills

The bill requires the Director of LSC to perform an assessment of all bills introduced in the General Assembly that propose to substantially change or enact occupational regulations.¹³ An occupational regulation means a regulation or rule that controls an individual's practice of a trade or profession. The assessment must attempt to determine whether the regulatory scheme proposed in the legislation is consistent with the state's policies on occupational licensing (see "Official state policy on occupational licensing and regulation," below) with respect to proposing the least restrictive regulation to protect consumers from present, significant, and substantiated harms that threaten public health and safety.

Under the bill, the Director of LSC's assessment must consider the potential consequences of the legislation with respect to the following:

- Opportunities for employment within the occupation;
- Consumer choices and costs;
- Market competition; and
- Cost to government.¹⁴

The assessment also may compare the legislative scheme the bill proposes with the current legislative scheme in other similar states for the same occupation.

Additionally, the bill allows the sponsor of a bill substantially changing or enacting occupational regulation to submit relevant information to the Director of LSC to aid in the Director's assessment of the bill. The information submitted by the sponsor may include all of the following:

-10-

¹³ R.C. 103.26(B).

¹² R.C. 101.65(B).

¹⁴ R.C. 103.26(A) and (B)(1) through (4).

- Evidence of present, significant, and substantiated harms to consumers in Ohio;
- An explanation of why existing civil or criminal laws or procedures are inadequate to prevent or remedy any harm to the public;
- An explanation of why a less restrictive regulation consistent with the state's policies on occupational regulation is not proposed;
- The names of associations, organizations, or other groups representing the occupation seeking regulation and the approximate number of members in each in Ohio;
- The functions typically performed by members of this occupation and whether they are identical or similar to those performed by another occupation;
- Whether specialized training, education, or experience is required to engage in the occupation and, if so, how current practitioners acquired that training, education, or experience;
- Whether the proposed regulation would change the way practitioners of the occupation acquire any necessary specialized training, education, or experience, and if so, why;
- Whether any current practitioners of the occupation in Ohio lack whatever specialized training, education, or experience and how the proposed regulation would address that deficiency;
- Whether new entrants into the occupation would be required to provide evidence of any necessary training, education, or experience, or to pass an examination, or both;
- Whether current practitioners would be required to provide evidence of any necessary training, education, or experience, or to pass an examination, and, if not, why not;
- The expected impact of the proposed regulation on the supply of practitioners of the occupation and on the cost of services or goods provided by the occupation; and

• Information from others knowledgeable about the occupation, and the related economic factors.¹⁵

The bill requires the Director of LSC to provide the assessment in a timely fashion. Any bill that proposes to substantially change or enact an occupational regulation cannot be reported out of committee until after the committee has received and considered the assessment, unless two-thirds of the committee members vote to favorably report the bill without the assessment.¹⁶

LSC Director to assess occupations

The bill requires the Director of LSC to perform an assessment of 20% of the occupations regulated by the state each calendar year, beginning in 2018.¹⁷ All occupations must be assessed at least once before 2022, and at least once every five years after 2022. The Director may assess occupations on a schedule that coordinates with a standing committee's review of an occupational licensing board (see "General Assembly to review and renew occupational licensing boards," above). The assessment must attempt to determine whether the current regulatory scheme is consistent with the state's policies on occupational regulation (see "Official state policy on occupational licensing and regulation," below). The Director must issue a report containing all assessments performed during a calendar year by December 1 of each year, and must send the report to the General Assembly and the Attorney General. The report must include instructions as necessary to describe how the current regulatory scheme could be improved in order to more consistently align with the state's policies on occupational regulation and licensing. The Director may require a department or board that regulates an occupation being assessed to submit relevant information to the Director.

Antitrust review by CSIO

The bill requires the CSIO to review and approve or disapprove certain board or commission actions with antitrust implications that have been referred to the CSIO.¹⁸ Current law does not require this review, however, see **COMMENT**. Only certain entities may refer an action to the CSIO for review. The CSIO must adopt rules under

-12-

¹⁵ R.C. 103.26(C) and (D)(1) through (12).

¹⁶ R.C. 103.26(B) and (E).

¹⁷ R.C. 103.27.

¹⁸ R.C. 107.56(B).

the Administrative Procedure Act¹⁹ to implement and administer the bill's antitrust review provisions.²⁰

Covered entities

Under the bill, "board or commission" generally means any multi-member body created by state law that licenses or otherwise regulates an occupation or industry to which at least one of the body's members belongs. The bill expressly includes occupational licensing boards, as defined in the state's policy on those boards, as well.

Reviewable actions

CSIO must review board or commission actions referred to it that could be subject to state or federal antitrust law if undertaken by a private person or combination of private persons, including actions that directly or indirectly have the following effects:

- Fixing prices, limiting price competition, or increasing prices of goods or services provided by the occupation or industry that the board or commission regulates;
- Dividing, allocating, or assigning customers or markets in Ohio among the members of the occupation or industry that the board or commission regulates;
- Excluding present or potential competitors from the occupation or industry that the board or commission regulates;
- Limiting in Ohio the output or supply of goods or services provided by members of the occupation or industry that the board or commission regulates.²¹

The bill exempts the following actions from review by CSIO, unless the action is referred to it by a party granted a stay in a pending antitrust suit (see "**Exhaustion and stay**," below):

 Denying an application for a license because the applicant has violated or has not complied with Ohio law or administrative rules.

²¹ R.C. 107.56(B)(1)(a)(i) through (iv).



¹⁹ Chapter 119. of the Revised Code, not in the bill.

²⁰ R.C. 107.56(J).

 Taking disciplinary action against an individual or corporation that is licensed by a board or commission for violations of Ohio law or administrative rules.²²

An action is not subject to review by CSIO if members of the board or commission who are members of the profession affected by the action are statutorily prohibited from participating in the action.²³

Parties

The bill allows the following parties to refer an action to CSIO for review:

- A board or commission that has taken or is proposing to take an action;
- A person who is affected or is likely to be affected by an action taken or proposed to be taken by a board or commission;
- A person who has been granted a stay by a court (see "**Exhaustion and stay**," below).²⁴
- Referral of an action or proposed action to CSIO for review does not constitute an admission that the action violates state or federal law.²⁵

Procedure

A board or commission or person who refers an action to the Office for review must prepare a brief statement, explaining the action and describing its consistency or inconsistency with state or federal antitrust law, and file it with the CSIO. If the action or proposed action is in writing, the party referring the action must attach it to the statement.²⁶

The CSIO must determine whether a referred action is supported by, and consistent with, a clearly articulated state policy expressed in the statutes creating the board or commission or the statutes and rules setting forth the board's or commission's powers, authority, and duties. If the CSIO finds the action to be consistent with a clearly articulated state policy, it must determine whether the clearly articulated state policy is

²⁶ R.C. 107.56(C)(2).



²² R.C. 107.56(B)(2)(a) and (b).

²³ R.C. 107.56(I).

²⁴ R.C. 107.56(C)(1)(a) through (c).

²⁵ R.C. 107.56(C)(3).

merely a pretext by which the board or commission enables members of the occupation or industry it regulates to engage in anticompetitive conduct that could be subject to antitrust law if undertaken by private persons.²⁷

CSIO must approve an action if it determines that the action is consistent with a clearly articulated state policy, and the state policy is not a pretext for members of the regulated profession to engage in anticompetitive conduct. CSIO must disapprove an action if it determines that the action is not consistent with a clearly articulated state policy, or that the state policy is a pretext.²⁸

A board or commission may proceed with or continue an action approved by CSIO. If CSIO disapproves an action, the action is void.

CSIO must prepare a written memorandum that explains its approval or disapproval. The Office must transmit a copy of the memorandum to all parties involved in the review and post it to CSIO's website.²⁹

A person affected by a board's or commission's action, or who is likely to be affected by a proposed action, must refer the action to CSIO for review within 30 days after receiving notice of the action.³⁰ If a person refers an ongoing or proposed action to CSIO for review, the board or commission must cease the action or refrain from taking the action until CSIO prepares and transmits a memorandum approving the action.³¹

Exhaustion and stay

Generally, the bill requires any person who has standing to commence and prosecute a state or federal antitrust action against a board or commission to seek review by CSIO before pursuing the antitrust claim. The requirement does not apply to the Attorney General, a county prosecutor, or any assistant prosecutor designated to assist a county prosecutor.³²

If an antitrust suit is pending in court, but the action that forms the basis for the suit has not been reviewed by CSIO, the state, a board or commission, or a board or

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<sup>27</sup> R.C. 107.56(D).
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³² R.C. 107.56(G)(1).



²⁸ R.C. 107.56(E).

²⁹ R.C. 107.56(F).

³⁰ R.C. 107.56(C)(4).

³¹ R.C. 107.56(C)(5).

commission member may request a stay of the suit.³³ A court must grant the stay unless the lawsuit was initiated by the Attorney General, a county prosecutor, or an assistant prosecutor designated to assist a county prosecutor. Any stay granted under the bill would continue until CSIO has completed and transmitted the memorandum described under "**Procedure**," above.

Official state policy on occupational licensing and regulation

The bill establishes a state policy on occupational licensing and regulation, to be used when the General Assembly or other body is reviewing an occupational licensing board or the actions of a board. The policy states that occupational regulations must be construed and applied to increase economic opportunities, promote competition, and encourage innovation.³⁴ Where the state finds it necessary to displace competition, the bill requires the state to use the least restrictive regulation to protect consumers. The bill presumes that the least restrictive regulation is that which relies on market competition and private remedy to protect consumers.³⁵

The bill also lists the appropriate state action to be taken to protect consumers from specific harms as follows:

- For regulations intended to protect consumers against fraud, the appropriate state action is to strengthen powers under the Deceptive Trade Practices Acts.³⁶
- For regulations intended to protect consumers against unsanitary facilities and general health and safety concerns, the appropriate state action is to require periodic inspections.
- For regulations intended to protect consumers against potential damages to third parties who are not party to a contract between the seller and the buyer, and other externalities, the appropriate state action is to require bonding or insurance.
- For regulations intended to protect consumers against potential damages by transient providers, the appropriate state action is to require registration with the Secretary of State.

³³ R.C. 107.56(G)(2).

³⁴ R.C. 4798.02(A).

³⁵ R.C. 4798.02(B).

³⁶ Chapters 1345. and 4165. of the Revised Code, not in the bill.

- For regulations intended to protect consumers against asymmetrical information between the seller and buyer, the appropriate state action is to offer voluntary certification.
- For regulations intended to facilitate governmental reimbursement for providing medical services for an emerging medical specialty, the appropriate state action is to require a specialty occupational license for medical reimbursement.³⁷

The bill limits enforcement of an occupational regulation to the extent that an individual sells goods or services that are included explicitly in the statute that defines the occupation's scope of practice. The bill also states that the state policy contained in the bill preempts local law or regulation that is inconsistent with these provisions, to the extent that a political subdivision regulates an occupation that is also regulated by the state.³⁸

Least restrictive regulation

The bill defines "least restrictive regulation" as the public policy of relying on one of the following, listed from the least to the most restrictive, as a means of consumer protection:

- Market competition;
- Third-party or consumer-created ratings and reviews;
- Private certification;
- Specific private civil cause of action to remedy consumer harm;
- Actions under the Consumer Sales Practices Law;³⁹
- Regulation of the process of providing the specific goods or services to consumers;
- Inspection;
- Bonding or insurance;

³⁷ R.C. 4798.02(B)(1) through (6).

³⁸ R.C. 4798.03.

³⁹ Chapter 1345. of the Revised Code, not in the bill.

- Registration;
- Government certification;
- Specialty occupational license for medical reimbursement; or
- Occupational license.⁴⁰

The bill declares that the state must use the least restrictive regulation under this policy that will protect consumers from significant and present harms.

COMMENT

Section 107.56, with some minor differences from the version in this bill, was enacted by Am. Sub. H.B. 49 of the 132nd General Assembly and is effective January 21, 2018. If this bill were enacted, Section 107.56 as contained in the bill would need to be harmonized with the law as amended by Am. Sub. H.B. 49.

HISTORY	
ACTION	DATE
Introduced	06-26-17

-18-

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⁴⁰ R.C. 4798.01.

