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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 75  
135<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 75's Bill Analysis](#)

**Version:** As Reported by House Economic and Workforce Development

**Primary Sponsor:** Sen. Blessing

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill authorizes the creation of a joint economic development district (JEDD) comprised solely of municipal corporations and may result in an increase in the number of JEDDs that are created. Members of a JEDD share tax revenue and costs of operating the JEDD.

### Universal Regulatory Sandbox Program

- The bill creates the Universal Regulatory Sandbox Program within the Common Sense Initiative Office, which is located within the Office of the Governor (GOV). This program encompasses any innovative product or service across all industries, unlike the existing sandbox program which pertains only to novel financial products or services.
- The bill requires GOV to establish the Regulatory Relief Division to administer the Universal Sandbox Program. It is unclear whether GOV will require additional staff to run this program.
- The bill establishes the Universal Regulatory Sandbox Program Fund, consisting of program application fees, to pay for operating expenses of the Regulatory Relief Division.
- The bill creates the Universal Regulatory Sandbox Advisory Committee within GOV to review applications to the program and make recommendations for approval. Members of the Advisory Committee are not compensated but may be reimbursed actual expenses incurred in the performance of their duties.

### Cost-sharing requirements

- The bill may increase the Department of Insurance's administrative cost to ensure health insurers adhere to the bill's provisions and insurance regulations. Any increase in such cost would be paid from the Department of Insurance Operating Fund (Fund 5540).

- The bill specifies that a violation of its provisions is considered an unfair and deceptive practice in the business of insurance. Under continuing law, any penalties collected due to such violations would be credited to Fund 5540 and be used to offset the Department's costs.
- The bill's provisions are not likely to have a direct effect in increasing statewide overall costs for the state and local governments to provide health benefits to employees and their beneficiaries. They limit, but do not eliminate, the flexibility of health insurers in managing costs.

## Detailed Analysis

### Joint economic development districts

The bill specifically authorizes the creation of a joint economic development district (JEDD) comprised solely of municipal corporations. It is unclear if a municipal corporation-only JEDD is permissible under current law. Under the bill, there may be an increase in the number of JEDDs that are created. Municipalities that enter into JEDD agreements enjoy the revenue and incur the costs of operating the JEDD as outlined in the contract between the parties participating in the JEDD. The bill does not change the operation of a JEDD generally.

JEDDs are agreements between participating parties for the purpose of promoting economic development in an area of mutual interest. JEDDs impose income taxes on the area which are shared by the participating parties and used to provide services and infrastructure to the area. Since 1993, when JEDDs were first authorized by statute, 134 JEDDs have been formed across the state.

### Universal Regulatory Sandbox Program

The bill establishes the Universal Regulatory Sandbox Program to be administered by the Regulatory Relief Division within the Common Sense Initiative Office, which is located within the Office of the Governor (GOV). Under current law, there is an existing regulatory sandbox program that pertains only to novel financial products and services, whereas the program established under the bill applies to any innovative product or service across all industries. The current sandbox program has been administered by the Division of Financial Institutions. According to the State Policy Network, eight states have some form of a regulatory sandbox, and Utah has an all-encompassing regulatory sandbox similar to what is proposed in the bill.<sup>1</sup> According to Utah's Office of Legal Services Innovation, as of January 2024, there were 105 applications to the program since its creation in 2021, with 51 entities approved to participate in the program. Of those approved, 17 entities were reporting activity under the program.<sup>2</sup>

### Regulatory Relief Division

The bill also creates the Regulatory Relief Division within GOV to administer the Universal Regulatory Sandbox Program. The bill requires the Division to administer the applications for participation, and act as liaison between private businesses and state agencies. The bill also

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<sup>1</sup> [State Policy Network Sandbox Report](#). Accessed June 2024.

<sup>2</sup> [Utah Sandbox Participation](#). Accessed June 2024.

permits the Division to adopt rules as needed to administer the program, including rules that establish application and reporting requirements, and that allow for cooperation and consultation with the Superintendent of Financial Institutions to ensure cooperation with the existing regulatory sandbox program. Presumably, many of the rules and requirements of the existing program would be implemented in the Universal Program created under the bill.

It is not clear whether GOV will need to hire any additional staff for the Regulatory Relief Division, or simply use existing staff to cover operations. The bill additionally creates the Universal Regulatory Sandbox Program Fund to be used by GOV to pay the costs of implementing the program. The fund consists of application fees established by rule. The existing application fee for the current sandbox program is \$750. However, it does not appear as though any such entities have applied for participation.

### **Universal Regulatory Sandbox Advisory Committee**

The bill creates the Universal Regulatory Sandbox Program Advisory Committee, comprised of 11 members who will advise and make recommendations to the Regulatory Relief Division. The Committee must review applications for participation in the program and make recommendations to the Regulatory Relief Division as to whether applications should be approved. The members of the Advisory Committee serve without compensation but may be reimbursed for expenses incurred in the performance of their duties. The LSC bill analysis contains further details on the composition and appointment of members of the Advisory Committee as well as the required materials for applications and the Advisory Committee review process.

### **Reporting requirements**

The bill contains several different reporting requirements related to the Universal Program. First, on October 1 of the year following the effective date of the bill, and annually thereafter, GOV is required to submit a written report to the General Assembly regarding the activities of the Regulatory Relief Division, including information regarding participants in the Universal Program, and any recommended changes. Additionally, the bill requires applicable state agencies, within 30 days after the agency receives a quarterly report from a sandbox participant, to provide a written report to the regulatory relief office describing any statute or regulation reforms the agency recommends based on these participant reports. As a consequence, the state agencies involved might incur some minimal additional administrative costs to compile this information.

The bill additionally requires GOV to create and maintain a public webpage on its website where Ohio residents and businesses can make suggestions regarding laws and regulations that could be modified or eliminated. GOV could incur some minimal additional costs for creating this webpage and compiling and reporting the suggestions made. More specifically, the bill requires the Regulatory Relief Division, at least quarterly, to compile the suggestions and provide a written report to the Governor and the General Assembly discussing the most common suggestions. The Division is authorized to evaluate the report and offer its own suggestions for modifying or eliminating regulations based on the evaluation.

## **Cost-sharing requirements for occupational therapy and physical therapy services**

The bill prohibits health benefit plans from imposing a cost-sharing<sup>3</sup> requirement, on a per-day basis, for services rendered by an occupational therapist or physical therapist licensed under Chapter 4755 of the Revised Code, or by a chiropractor licensed under Chapter 4734 of the Revised Code, that is greater than the cost-sharing requirement imposed by the plan for an office visit to a primary care physician or primary care osteopath physician licensed under Chapter 4731 of the Revised Code. The prohibition applies to health benefit plans on and after the bill's effective date. The bill also requires health plan issuers to state on their websites and on relevant literature that coverage for occupational therapy, physical therapy, and chiropractic services is available under the issuer's health benefit plans, as well as all related limitations, conditions, and exclusions.

The bill specifies that a violation of its provisions is considered an unfair and deceptive practice in the business of insurance under sections 3901.19 to 3901.26 of the Revised Code. Under continuing law, the Superintendent of Insurance is authorized to assess an insurer for half of the Department of Insurance's costs, up to \$100,000, reasonably incurred to conduct investigations of that insurer's committing unfair or deceptive acts in the business of insurance; violations of a cease and desist order issued by the Superintendent may lead to a court order of civil penalties up to \$3,500 for each violation or a total of \$35,000 in any six-month period.

The bill includes a provision that exempts the bill's requirements from an existing requirement related to mandated health benefits.<sup>4</sup>

### **Fiscal effect**

The bill may increase the Department of Insurance's administrative costs to ensure health insurers adhere to the bill's requirements and insurance regulations. Any increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540).<sup>5</sup> Any civil penalties that may arise due to violations of the bill's provisions, depending on the number of such violations, would also be deposited into Fund 5540.

The bill has no direct fiscal effect on the state and local governments' health benefit plans for employees and their dependents. Though cost-sharing provisions are a tool used by health benefit plans to manage costs, plans may adjust their cost-sharing requirements for services

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<sup>3</sup> "Health benefit plan" and "cost sharing" are defined under existing law, under R.C. 3902.50 (not in the bill). "Cost sharing" means the cost to a covered person under a health benefit plan according to any copayment, coinsurance, deductible, or other out-of-pocket expense requirement.

<sup>4</sup> Under R.C. 3901.71, not in the bill, no mandated health benefits legislation enacted by the General Assembly after January 14, 1993, may be applied to sickness and accident or other health benefits policies, contracts, plans, or other arrangements until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state or by any agency or instrumentality of the state or any political subdivision of the state.

<sup>5</sup> Revenue to Fund 5540 comes from various fees imposed on insurance companies, primarily insurance agent license fees and agent appointment fees.

rendered by physicians, as well as occupational therapists, physical therapists, and chiropractor services to comply with the bill's requirements. Such flexibility may allow them to avoid an overall cost increase. The bill does reduce the flexibility currently available to plan sponsors, however, which could lead to an indirect increase in costs for such sponsors, including the state and political subdivisions.

### **Provisions with no apparent fiscal effect**

The bill disallows homeowners, neighborhood, civic, or other associations from prohibiting the display of political yard signs. This provision has no apparent fiscal effect.