



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 213 of the 131st G.A.

**Date:** November 9, 2015

**Status:** As Introduced

**Sponsor:** Rep. Brinkman

**Local Impact Statement Procedure Required:** No

**Contents:** Converts renewals for certain occupational or professional licenses, registrations, or certifications from an annual to a biennial process

### State Fiscal Highlights

- The bill may minimally increase administrative costs for each agency, board, and commission to accommodate the switch from an annual to a biennial renewal period. However, this change could also result in future administrative cost savings for the licensing entities affected by the bill.
- The likely result of switching from an annual to biennial renewal period and doubling the license fees would be an overall neutral impact on licensing operations and revenues.
- The source of operating revenue for seven of these entities is licensing and related fees deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). The seven other licensing entities operate out of other specifically designated state funds within the Dedicated Purpose Fund group.
- The bill changes the foreign real estate dealer and salesperson license from annual to biennial renewal. However, the license fee remains unchanged under the bill, likely resulting in a loss in revenue from the foreign real estate dealer and salesperson license fees. Fee revenue is deposited into the Real Estate Appraiser Operating Fund (Fund 6A40) and the Real Estate Education and Research Fund (Fund 5470) under the Department of Commerce. In FY 2015, approximately \$4,500 was collected from these licenses.
- Late renewal fees remain unchanged throughout the bill. This may result in a loss of late renewal fee revenue collected by the affected licensing entities.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

### Overview

The bill requires various specified occupational or professional licenses, registrations, or certifications to be renewed biennially instead of annually as under current law. The bill generally doubles the amount of continuing education hour requirements and the amount of the fee for issuance or renewal of a license, registration, or certificate to maintain the same amount of required continuing education hours and renewal fee amounts as under current law per license, registration, or certification period. Lastly, it allows for licensees to take up to half of the required continuing education hours for certain types of licenses, registrations, or certifications online.

### Overall fiscal effect

Seven of the licensing entities affected by the bill deposit licensing revenue and other fees into the Occupational Licensing and Regulatory Fund (Fund 4K90). The remaining entities use other designated operating funds. Converting from an annual to a biennial renewal cycle could initially increase administrative costs by a minimal amount for the 14 state licensing entities affected by the bill. However, the change could also result in future administrative cost savings to renew licenses biennially instead of annually. With the exception of the foreign real estate dealer or salesperson license, license fees are doubled to maintain the current levels of revenue. The likely result of switching from an annual to biennial renewal period and doubling the license fees would be an overall neutral impact on licensing operations and revenues.

### Entities and state funds affected

The table on the following page shows the state licensing entities that have annual occupational or professional licenses, registrations, or certifications that will be affected by the changes under the bill and the state funds where licensing revenues and other fees are collected. Of the 14 state licensing entities affected by the bill, the State Board of Pharmacy has the most active licenses with approximately 46,000, followed by the Division of Real Estate and Professional Licensing within the Department of Commerce (39,000), and the Ohio Construction Industry Licensing Board within the Department of Commerce (19,000). This was according to information provided to LSC in compiling the Occupational Licensing and Regulatory Board Report for FY 2015. For the list of specific occupational or professional licenses, registrations, and certifications affected, please see the LSC Bill Analysis.

<b>Entities Changing from Annual to Biennial License Renewal Under the Bill and State Fund Affected</b>	
<b>Licensing Entity</b>	<b>Fund Code</b>
Auctioneer Program (Agriculture)	5B80
Ohio Construction Industry Licensing Board (Commerce)	5560
Private Investigator & Security Guard Unit (Public Safety)	5B90
Division of Financial Institutions (Commerce)	5530
State Board of Pharmacy	4K90
Ohio Board of Dietetics	4K90
State Board of Optometry	4K90
Division of Real Estate and Professional Licensing (Commerce)	5480 4B20 5470 6A40
Ohio Optical Dispensers Board	4K90
Board of Executives of Long-Term Services and Supports (Aging)	5MT0
State Board of Sanitarian Registration	4K90
Hearing Aid Dealers and Fitters Licensing Board (Health)	4700
State Board of Orthotics, Prosthetics, and Pedorthics	4K90
Ohio Athletic Commission	4K90

Additionally, the bill changes the foreign real estate dealer and salesperson licenses from an annual to biennial renewal cycle. However, in what appears to be an inadvertent oversight, the bill does not change the license fees to accommodate this change. This may result in a loss of license revenue under the Department of Commerce. One dollar of each license fee is deposited into the Real Estate Education and Research Fund (Fund 5470) while the remaining revenue is deposited into the Real Estate Appraiser Operating Fund (Fund 6A40). In FY 2015, approximately \$4,500 was collected from these licenses.

### **Late renewal fees**

Lastly, the bill does not change the late renewal fee amount that may accompany occupational or professional licenses, registrations, or certifications. Since licenses, registrations, or certifications change to a biennial renewal, the governing entity will assess the same late renewal fee amount every two years instead of every year. Ultimately, the loss in revenue from this depends on the number of licensees that fail to renew their license on time. Licensing bodies in two state agencies and four free-standing boards are agencies and boards affected by this change: (1) the Department of Agriculture, (2) the State Board of Optometry, (3) the Optical Dispensers Board, (4) the Division of Real Estate and Professional Licensing within the Department of Commerce, (5) the State Board of Pharmacy, and (6) the State Board of Sanitarian Registration. Other agencies and boards under the bill do not have a set late renewal fee amount established in the Revised Code. For example, the Board of Dietetics can assess

a late renewal fee equal to 50% of the renewal fee. Since the renewal fee is doubled, it is likely the Board will receive similar revenue biennially as it did annually.

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