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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 199
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by House Commerce and Labor

Primary Sponsor: Rep. Patton

Local Impact Statement Procedure Required: No

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Highlights

- The Ohio Construction Industry Licensing Board (OCILB) housed within the Department of Commerce will incur costs for overseeing the new license requirements for commercial roofing contractors. Initial examination, license, and annual renewal fees would offset these costs. Current specialty contractor licenses issued by OCILB cost \$60 and the examination fee is \$25. The revenue is deposited into the Industrial Compliance Operating Fund (Fund 5560).
- According to 2018 employment data from the Bureau of Labor Statistics, there were approximately 4,600 industrial and commercial roofers in Ohio. A subset of this number would qualify for licensure by OCILB. A preliminary estimate is that a minimum of 500 commercial roofers would meet the criteria for licensure under the bill.

Detailed Analysis

Overview

The bill requires all commercial roofing contractors to be licensed by a newly created five-member Roofing Section under the Ohio Construction Industry Licensing Board (OCILB), housed within the Department of Commerce's Division of Industrial Compliance. Consequently, OCILB will incur new costs for overseeing this licensing program, most if not all of which would be recouped through application, examination, and annual licensing fees.

As with the other three specialty contractor trades licensed by OCILB (plumbing and hydronics, electrical, and HVAC and refrigeration), a commercial roofing license must be renewed annually. The bill requires roofing contractors to satisfy the same requirements that apply to other specialty contractors under continuing law, including passing a trade-specific examination. Finally, 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.

LBO had some difficulty in locating data to estimate how many commercial contractors operating in Ohio would be subject to licensure under the bill. According to the Bureau of Labor Statistics' most recent State Occupational Employment Estimates for 2018, there were approximately 4,600 industrial and commercial roofers. During that same period, there were approximately 250 industrial and commercial roofing firms operating in Ohio. Note that these estimates do not distinguish between industrial roofers who would not be subject to licensure and commercial roofers who would be under the bill. OCILB estimates that a minimum of 500 commercial roofers would initially meet the licensure criteria and obtain an annual commercial roofing license under the bill.

Licensing expenditures and revenues

The Roofing Section established by the bill consists of five members, bringing the total number of appointed OCILB members from 20 to 25. According to state payroll data, most current OCILB members serve as Board Member 2s under the state's job classification plan and are paid \$23.45 per hour for services, plus expenses. The sections meet six times per year. Overall, it is anticipated that payments to the five members of the Roofing Section will total approximately \$6,000 annually.

Under the bill, the Roofing Section would be responsible for (1) adopting rules for issuing licenses, (2) investigating violations, (3) maintaining a record of its proceedings, (4) granting approval of training agencies to offer continuing education courses, (5) establishing or approving continuing education curriculum, and (6) designing the examination for roofing contractors. The Administrative Section of OCILB may also incur a minimal additional cost for handling the new commercial roofing contractor workload, since it is responsible for scheduling contractor examinations, issuing and renewing licenses, and setting fees related to all specialty contractors overseen by OCILB.

All of these costs would presumably be offset by receipts from application, examination, and license renewal fees. The current initial and renewal license fee for other specialty contractors licensed by OCILB is \$60. The examination fee is \$25. Presumably, the same fee amount would be assessed to roofing contractors. License and examination fees collected by OCILB are deposited into the Industrial Compliance Operating Fund (Fund 5560). OCILB expenditures were approximately \$1.1 million in FY 2018 and are anticipated to be slightly more than this amount in FY 2019. Revenues collected by the Board were approximately \$1.1 million in FY 2018, and are anticipated to fall within that range in FY 2019.

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 costs 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).

Notification 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 boards 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. The Department of Commerce estimates that these public notice costs will be approximately \$1,500 and will be paid out of Fund 5560.