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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

S.B. 64
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Sens. Hottinger and Lang

Local Impact Statement Procedure Required: No

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Highlights

- The bill requires residential roofing contractors to be registered by the Ohio Construction Industry Licensing Board (OCILB). Costs to OCILB would be paid from the Industrial Compliance Operating Fund (Fund 5560) and at least partially offset through registration and renewal fees that OCILB establishes by rule.
- The bill permits OCILB to set a registration fee by rule that may not exceed \$100 and a renewal fee that likewise must not exceed \$100. Registration renewals must be no more frequent than every two years.
- Recent Bureau of Labor Statistics data indicate that in calendar year 2020 there were an estimated 4,760 commercial and industrial roofers in Ohio. It is unclear as to how many of this number would be required to register with OCILB under the bill.

Detailed Analysis

Overview

The bill requires all residential roofing contractors to be registered by 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 registration program, most if not all of which would be recouped through application and registration fees as described in more detail below.

Finding specific data to estimate how many residential contractors operating in Ohio would be subject to registration under the bill is difficult. According to the Bureau of Labor

Statistics' (BLS) State Occupational Employment Estimates for 2020,¹ there were approximately 4,760 industrial and commercial roofers working in that year. OCILB could not provide an estimate of how many such contractors would seek registration in Ohio. As a general trend in this employment category, roughly 30% of roofers cited in BLS statistics are classified as "residential". However, that does not preclude individuals in other roofing classifications from doing residential work and thereby being required to register under the bill. Furthermore, this data potentially does not include self-employed roofers, or general contractors that may also qualify as registrants. Additionally, this legislation specifies that individuals completing work related to siding, gutters, and downspouts would also be required to register. The BLS data cited above includes individuals that perform work on gutters and downspouts in that overall figure. Given these limitations, we cannot be certain how many individuals would seek registration with OCILB, but it may be a few thousand.

Licensing expenditures and revenues

Under the bill, OCILB would be responsible for adopting rules for issuing registrations, investigating violations, maintaining a record of its proceedings, and other such duties. As a result, the Administrative Section of OCILB will incur a minimal additional cost for handling the workload generated by overseeing residential roofers, since it is responsible for issuing and renewing licenses and registrations, 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 registration renewal fees. The bill specifies a maximum permissible registration fee of \$100, and requires that renewals occur no more frequently than every two years. As a point of comparison, the current initial and annual renewal fee for licensed specialty contractors overseen by OCILB is \$60. License, registration, and examination fees collected by OCILB are deposited into the Industrial Compliance Operating Fund (Fund 5560). Overall, OCILB expenditures were approximately \$1.1 million in both FY 2019 and FY 2020.

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 for roofing contractors that are out of compliance. If the violation concerns a particular violation of terms in a roofing contract, the fine can be up to the contract amount plus administrative costs. A failure to register as a roofing contractor also may lead to disciplinary action and a fine.

In addition to the penalties above, the bill makes several modifications to contracting requirements for registered roofers. A contractor's failure to comply with the new contracting requirements is deemed a deceptive act or practice under the Ohio Consumer Sales Practices Act (CSPA). Under violations of the CSPA, the Attorney General is permitted to bring action against a supplier who violates the Act, including an injunction or civil penalty, or, a consumer may sue a supplier for any such violations. It is unlikely that the Attorney General would typically take action against a residential roofer contractor for any such violations unless the alleged violations are

¹ Data accessed on June 8, 2021, at https://www.bls.gov/oes/current/oes_oh.htm.

widespread or egregious. More likely, these cases will be handled as civil actions in the applicable county court of common pleas.