
Detailed Fiscal Analysis

The bill would require the Legislative Budget Office (LBO) to estimate the economic impact of proposed legislation on Ohio businesses. It would also require the Ohio Environmental Protection Agency and the Department of Development to estimate the economic impact of proposed rules on Ohio businesses. This task is limited to a one-year pilot project.

Costs to the Legislative Budget Office

LBO currently prepares fiscal notes and local impact statements that provide estimates of the effect of proposed legislation on state government and political subdivisions. LBO has a staff of forty with twenty-seven full-time analysts, four full-time support staff, one part-time support staff, three information systems staff, one director, one assistant director, two division chiefs, and one student intern.

At most, LBO would be required to perform 18 economic impact analyses during the one-year pilot program. The agency estimates that it would need to hire three additional personnel to prepare the required business impact statements. LBO uses a mix of budget analysts and economists to prepare public sector analyses. Evaluating business impacts requires a different body of knowledge and a different approach to data gathering. LBO will need to hire a senior level analyst with experience evaluating business impacts. Since this is only a one-year project at this time, LBO will utilize student interns to assist the senior analyst. The following table shows the potential personnel costs.

Position	Salary & Fringe	Number	Total
Upper-level Analyst	\$67,000	1	\$67,000
Student Intern	\$15,600	2	\$31,200
TOTAL		3	\$98,200

LBO also estimates that maintenance and equipment expenses would total about \$20,500. This amount will cover the purchase of computers for the new staff as well as the purchase of data and consultant hours.

Summary of Approximate Costs

The table below provides a summary of the costs that LBO would incur to implement the bill in a manner to properly assess the impacts of proposed legislation on Ohio businesses. These costs would be incurred in the General Revenue Fund.

Annual Costs

Staff	\$98,200
Maintenance	\$20,500
Total	Up to \$118,700 or more*

*Depending on the number of analyses requested.

Costs to Rule Filing Agencies

This bill would also require the Environmental Protection Agency (EPA) and the Department of Development to estimate the impact of its proposed rules on Ohio businesses during the one-year pilot program. The Joint Committee on Agency Rule Review (JCARR) receives between 500 to 1000 rule filings from all state agencies each week and reports that the EPA is one of its largest rule-filing agencies. The number of rules filed by each agency varies greatly from year to year.

Not every filing would require an analysis. The bill specifically excludes from this requirement any rule that would be exempt from cyclical review and any rules that are adopted under the emergency rule-making procedure. State rules that are adopted verbatim to a federal law or rule in order to continue a federally funded program in the state. Rule-making agencies may also petition JCARR to exempt a rule from this requirement. Officials with the EPA have estimated that 100 economic impact analyses will need to be completed by their agency for the pilot program year. The Department of Development files a total of 15 to 20 rules per year, and many would not require an economic impact statement.

Two provisions of this bill will require additional costs that could be significant in the long run. The first provision requires the completion of economic analyses on businesses for proposed rules. EPA officials have determined that it is not cost-effective to hire additional staff at this time, as currently the program will only last one year. If the program is continued past the pilot program, additional staff members will most likely need to be added. The agency will most likely need to hire economists who are trained in evaluating business impacts. For the pilot program, the agency will reallocate resources on a short-term basis to complete the required analyses. The second provision of the bill requires each agency to send an invitation to comment on any potential economic impact as well as a copy of an amplified public notice to each leading individual with an Ohio business that may be significantly affected by a rule if it were to be adopted. The EPA currently sends notices to any interested parties including many Ohio businesses that ask to be part of their mailing list. The second provision will add additional parties to the mailing list, increasing the agency's mailing-associated costs. The agency may also need to purchase outside data to identify potential stakeholders.

As the Department of Development files so few rules, this bill will not have a major impact on the department. Current staff should be able to complete the impact statements during the pilot project. Most of the costs to the department will be to establish a mailing list and to send out public notices to affected parties.

Synopsis of Changes from Preceding Version

The “As Introduced” version of this bill allowed the chairperson of any standing committee or subcommittee to request of the finance chairperson of the House or Senate that the Legislative Budget Office complete an economic impact statement for any bill or resolution that would have an economic impact on Ohio businesses. There was no limit to the number of analyses that could be requested. The original bill also required all agencies to complete economic impact analyses for rules filed with JCARR. Economic impact analyses were permanently required under the original bill. Under the substitute version, they are required only during the one-year pilot program.

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