Ohio Legislative Service Commission

Jason Phillips

Fiscal Note & Local Impact Statement

Bill: Am. Sub. S.B. 183 of the 128th G.A. **Date**: June 4, 2010

Status: As Passed by the House **Sponsor**: Sen. Schaffer

Local Impact Statement Procedure Required: No — No local cost

Contents: Eliminates a grandfather exemption from the requirements of the Architects Law granted to certain corporations

State Fiscal Highlights

- Based on the estimated number of grandfathered firms still in operation (likely less than 20), the elimination of the grandfather exemption will result in a minimal gain in annual revenue to the Occupational Licensing and Regulatory Fund (Fund 4K90) of, at most, several thousand dollars.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Background

The bill eliminates an exemption for grandfathered architecture corporations from the requirements of the Architects Law. Grandfathered firms are those that were granted a charter prior to August 7, 1943, to engage in providing architectural services or that were otherwise lawfully providing architectural services prior to November 15, 1982. The bill is in response to a situation in which, during an investigation of a complaint filed with the Architects Board, it was discovered that a grandfathered architecture firm had been sold to an unlicensed individual and no architect was employed by the firm.[1] The new owner's legal counsel held that the wording of the current law completely exempts grandfathered firms from the Board's jurisdiction and all of its laws and rules. According to a former Architects Board member who was on the Board at the time the current language was enacted, the Board's intent was to exempt the applicable firms from the firm registration requirement and from payment of the registration fee, not from the from the rest of the Architects Law and its rules.

As a result of the bill, grandfathered firms will be required to register with the Architects Board and comply with the Architects Law. All grandfathered firms will be required to have an Ohio licensed architect in charge of the firm's professional activities and decisions. However, the bill continues an exemption for grandfathered firms from the Architects Law's ownership requirements. There are approximately 1,150 firms currently registered with the Architects Board.

Fiscal effect

The Architects Board estimates that there are likely less than 20 grandfathered firms still in operation, all of which would be required to register with the Board. Some of those firms may already be registered due to qualification requirements for public projects. A certificate of authorization carries an initial fee of $125 and an annual renewal fee of $100, meaning that the Occupational Licensing and Regulatory Fund (Fund 4K90) may gain, at a maximum, several thousand dollars per year in new registration fee revenue as a result of the bill.

SB0183HP.docx / lb

[1] In order to receive a certificate of authorization to carry out business as an architectural firm, a firm must have (1) more than 50% of the shareholders, members, trustees, or partners as credentialed design professionals (architects, landscape architects, engineers, or surveyors) with an active registration in any state, (2) more than 50% of the shares or interest in the firm owned by design professionals with an active registration in any state, (3) more than 50% of the firm's board of directors (in a corporation) actively registered design professionals in any state, (4) at least one Ohio registered architect responsible for the professional activities and decisions of the firm, (5) at least one Ohio registered architect responsible for the professional activities and decisions of the firm serving on the firm's board of directors, and (6) an active registration to do business in Ohio with the Secretary of State.