



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 338 of the 130th G.A.](#)

Date: February 12, 2014

Status: As Introduced

Sponsor: Reps. McGregor and Hottinger

Local Impact Statement Procedure Required: No

Contents: Exempts certain individuals who provide services for or on behalf of a for-hire motor carrier from coverage under the Workers' Compensation, Unemployment Compensation, and Overtime laws

State and Local Fiscal Highlights

- Depending upon the number of individuals who would be exempt from coverage under Ohio's Workers' Compensation and Unemployment Compensation laws under the bill, there could be an impact on contributions made to and benefits payments made from the State Insurance Fund and Unemployment Compensation Trust Fund.
- Personal income taxes collected by the state or political subdivisions could be affected if the number of individuals exempt from overtime changes as a result of the bill.
- Overall, the exemption status of many, if not most, individuals performing service for or on behalf of a for-hire motor carrier is likely to remain unchanged under the bill, thus any fiscal effects are likely to be small.

Detailed Fiscal Analysis

The bill establishes criteria to be used as a test to determine if an individual who provides services for or on behalf of a for-hire motor carrier is exempt from coverage under Ohio's Workers' Compensation, Unemployment Compensation, and Overtime laws. Currently, different criteria are used under each of these laws to determine exemption eligibility. For details concerning the bill's exemption requirements, please see the LSC Bill Analysis. Any changes to the coverage exemption status of individuals under the bill may have a fiscal impact on the State Insurance Fund, the Unemployment Compensation Trust Fund, and personal income taxes collected by the state or political subdivisions. Ultimately, the fiscal effects for the state and political subdivisions are likely to be small since the As Introduced bill applies only to for-hire motor carriers. The three scenarios described below provide examples of the potential fiscal effects as a result of the bill.

One potential result of the bill would be an increase in the number of individuals regarded as exempt from Ohio's Workers' Compensation, Unemployment Compensation, and Overtime laws. In this case, contributions made by for-hire motor carriers to the State Insurance Fund and the Unemployment Compensation Trust Fund would decrease. There could also be a decrease in benefits payments made from those funds as there would be a smaller number of people eligible for workers' compensation and unemployment compensation benefits than under current law. Additionally, if more individuals are determined to be exempt from overtime under the revised criteria in the bill, this could result in lower gross wages for those individuals and a consequent decrease in personal income taxes collected by the state or political subdivisions.

Alternatively, it could be that fewer people qualify for exemptions under the bill than do currently, thus decreasing the number of people exempt from coverage under the state's Workers' Compensation, Unemployment Compensation, and Overtime laws. In this scenario, the fiscal effect would be the opposite of the example discussed above. More people eligible for workers' compensation, unemployment, and overtime could lead to an increase in contributions to and benefits payments from the State Insurance Fund and the Unemployment Compensation Trust Fund. There would also be a gain in personal income taxes collected by the state and applicable political subdivisions as a result of higher taxable overtime earnings.

A third possibility would be that, as a consequence of the bill, more individuals in the for-hire motor carrier field structure themselves as a business entity. While these individuals would still be required to obtain workers' compensation coverage for themselves, they would be exempt from current law requirements for unemployment compensation coverage and overtime pay. In this case, only the Unemployment Compensation Trust Fund and personal income tax collections would likely be affected.

Ultimately, any fiscal effect on the state or political subdivisions would depend on the number of individuals whose coverage status changes as a result of the bill. Because the bill's scope is limited to those performing services for or on behalf of a for-hire motor carrier, and since many if not most of those individuals' status will remain unchanged under the bill, the overall fiscal effect is likely to be small.

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