



# Ohio Legislative Service Commission

Russ Keller

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## Fiscal Note & Local Impact Statement

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**Bill:** [Sub. S.B. 3 of the 130th G.A.](#) **Date:** June 26, 2013  
**Status:** As Reported by Senate State Government Oversight & Reform **Sponsor:** Sen. LaRose

**Local Impact Statement Procedure Required:** No

**Contents:** Revises rule-making and rule-review procedures, establishes the Entrepreneur in Residence Pilot Program, and requires that certain fines levied by state agencies be deposited in the GRF beginning in FY 2016

### State Fiscal Highlights

- Any additional costs generated for the Joint Committee on Agency Rule Review (JCARR) will be minimal at most and absorbed within the agency's existing staffing and funding levels.
- The Office of Legislative Information Systems (LIS) may incur minimal one-time costs to update the electronic rule-filing system and its Rule Watch System as required by the bill.
- The Common Sense Initiative Office (CSIO), which is within the Office of the Governor, does not anticipate any additional expenditures on behalf of the provisions in this bill.
- The Small Business Advisory Council (SBAC), which is within the Office of the Governor, will likely not incur any additional expenditures on behalf of the provisions in this bill. Entrepreneurs in residence, which are established by SBAC, will report directly to the head of their assigned agency, and the agencies may incur a cost for the activities of the pilot program.
- Requiring the receipts from fines levied by state agencies that are not authorized by any constitutional or statutory authority to be deposited in the GRF beginning in FY 2016 would result in any fine authorized by administrative rule to be deposited in the GRF as opposed to another fund in the state treasury.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

The bill makes various changes to rule-making and rule-review procedures. Most notably, from a fiscal perspective, the bill increases the number of rules that will undergo the business review process by requiring existing rules that are filed for review as "no change" rules under the Periodic Review of Rules Act to go through the process. Under current law, only proposed rules are required to go through the business review process, which includes review by both the Common Sense Initiative Office (CSIO), located within the Governor's Office, and the Joint Committee on Agency Rule Review (JCARR).

As a result of the bill, JCARR may have to expend additional time and effort in its review of rules affecting businesses, the cost of which would be no more than minimal annually and can be absorbed by existing budgetary resources. Additionally, the Office of Legislative Information Systems (LIS) may incur minimal one-time costs to update the electronic rule-filing system, as some modifications may need to be made. The bill will have no discernible impact on CSIO or rule-making agencies, in terms of costs or workload, as the proposed changes are essentially codifying current practice.

The bill also requires JCARR to establish, maintain, and improve a rule-watch system allowing a person to register electronically to receive an e-mail alert when an agency files a rule for review. Complying with this requirement will create no additional costs or duties, as JCARR is already in the process of implementing such a system. The bill's requirement that JCARR integrate the CSIO and the Ohio Business Gateway into the Rule Watch System is not likely to result in additional costs for JCARR but may result in some additional work and minimal one-time costs for LIS, as they operate and maintain the Rule Watch System.

The Small Business Advisory Council (SBAC), which is within the Office of the Governor, must establish and operate an Entrepreneur in Residence Pilot Program. The mission of the pilot program is to provide for better outreach by state government to small businesses, to strengthen coordination and interaction between state government and small businesses, and to make state government programs and functions simpler, easier to access, more efficient, and more responsive to the needs of small businesses. SBAC will likely not incur any additional expenditures on behalf of the provisions in this bill. The three to five entrepreneurs in residence will report directly to the director of the state agency to which he/she is assigned. The state agency may incur a cost for the activities of the entrepreneur in residence, but those agencies are not specified by the bill; they will be determined by SBAC. The bill states that entrepreneurs in residence are not entitled to compensation, but are entitled to reimbursement from the state agency for actual and necessary expenses.

Under the bill, beginning in FY 2016, if a state agency imposes a fine or other sum of money as punishment for an act or omission, and does so in its sole discretion, or solely by implication from a constitutional or statutory grant of authority, any money recovered from imposition of the fine or other sum of money must be deposited in the state treasury to the credit of the GRF. The bill's provision has a fiscal effect for fines authorized by administrative rule. Beginning in FY 2016, those types of fines would be deposited in the GRF as opposed to any other fund, such as one under the authority of the agency levying the fine.

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