



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [S.B. 78 of the 130th G.A.](#)

Date: June 18, 2013

Status: As Introduced

Sponsor: Sen. Hughes

Local Impact Statement Procedure Required: No

Contents: Makes changes to the law regulating specialty construction contractors governed by the Construction Industry Licensing Board

State Fiscal Highlights

- The bill would likely result in a slight decrease in administrative costs to the Industrial Compliance Operating Fund (Fund 5560), as well as a potential increase in revenues to the fund from additional fines assessed to violators.
- The above fiscal effects could be offset by a minimal decrease in specialty contractor license applications and license holders, since the bill establishes more rigorous licensing and enforcement standards.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Background

The Ohio Construction Industry Licensing Board (OCILB) licenses specialty contractors in various construction-related professions who perform *commercial* work in Ohio. The Board is comprised of four sections: an Administrative Section and three specialty sections responsible for regulating specific construction trades, including (1) the Plumbing and Hydronics Section, (2) the Electrical Section, and (3) the Heating, Ventilating and Air Conditioning (HVAC) and Refrigeration Section. No person can act as or claim to be a specialty contractor in one of the above trades unless that person is licensed by OCILB. At the end of FY 2012, OCILB oversaw approximately 15,000 active licenses, as seen in the table below. OCILB currently employs two investigators and seven other office employees. For FY 2013, the Board has an operating budget of \$1.1 million. The Board is supported by license fees and related income that is deposited into the Industrial Compliance Operating Fund (Fund 5560).

OCILB Licenses by Trade, FY 2012	
Electrical	4,977
HVAC	3,589
Plumbing	3,537
Hydronics	1,630
Refrigeration	1,245
Total	14,978

Fiscal effects

The bill includes numerous adjustments to the Construction Industry Licensing Law. Most of these changes give the specialty sections greater capacity to enforce the law and penalize violators. The bill would likely result in a slight decrease in administrative costs to the Industrial Compliance Operating Fund (Fund 5560), as well as a potential increase in revenues to the fund from additional fines assessed to violators. However, since the bill tightens licensing and enforcement standards that apply to the various specialty trades, there might also be a decline in the number of licenses overseen by OCILB. For a detailed summary of changes to the law, please see the LSC Bill Analysis.

The potential reduction in administrative cost stems from a provision that modifies the current process for conducting administrative hearings. Specifically, the bill states that the Board is not required to hold a hearing to take action against a licensee if the licensee does not request a hearing within 30 days of receiving notice of the Board's intent to act against the licensee. This may result in a decrease in Board meetings or the length of Board hearings, which could lead to reduced operating costs. To provide an example of a possible rise in fines assessed to violators, the bill allows

discipline to be imposed on a licensee who has had their registration with another governmental agency suspended or revoked. Fines of up to \$1,000 per day of violation can be imposed at the discretion of the applicable specialty section. In calendar years 2011 and 2012, OCILB assessed a total of \$8,000 and \$11,000 in fines, respectively. Overall, the Department of Commerce indicated to LSC that the bill will not result in the need for OCILB to hire additional investigators or other personnel.

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