

Department of Commerce

House Agriculture and Development Subcommittee

*Jason Phillips, Budget Analyst
Legislative Service Commission*

February 24, 2005

*Additional copies are available on our website at www.lsc.state.oh.us
Click on 'Budget Documents' then 'Redbooks'*

LSC Redbook

for the

Department of Commerce

House Agriculture and Development Subcommittee

Jason Phillips, Budget Analyst

Legislative Service Commission

TABLE OF CONTENTS

Overview.....	1
<i>FYs 2006-2007 Executive Recommendation.....</i>	<i>3</i>
<i>Summary of FYs 2006-2007 Budget Issues</i>	<i>4</i>
<i>Board Consolidation.....</i>	<i>4</i>
<i>Liquor Sales Projections.....</i>	<i>5</i>
<i>Increased Unclaimed Funds Appropriation.....</i>	<i>5</i>
<i>PERRP, OSHA Consultation Program Transfer to BWC.....</i>	<i>5</i>
<i>Fire Department Grants Program moves to Non-GRF Funding</i>	<i>6</i>
<i>Staffing Levels.....</i>	<i>6</i>
Master Table: Executive's Recommendations for FY 2006 and FY 2007	7
Analysis of Executive Proposal	8
<i>Financial Institutions</i>	<i>8</i>
<i>Industrial Compliance.....</i>	<i>12</i>
<i>Liquor Control</i>	<i>15</i>
<i>Real Estate and Professional Licensing</i>	<i>18</i>
<i>State Fire Marshal</i>	<i>21</i>
<i>Unclaimed Funds</i>	<i>26</i>
<i>Labor and Worker Safety</i>	<i>28</i>
<i>Program Management.....</i>	<i>29</i>
Requests Not Funded.....	30
<i>Transfer of Programs to Bureau of Workers' Compensation</i>	<i>30</i>
<i>Transfer of funds from Fire Marshal (800-610) to Fire Department Grants (800-639).....</i>	<i>30</i>
<i>Funding Adjustments.....</i>	<i>30</i>
Attachments:	
Catalog of Budget Line Items	
LSC Budget Spreadsheet By Line Item	

February 24, 2005

Department of Commerce

- Planned GRF transfers from liquor profits in the range of \$107 million in FY 2006 and \$101 million in FY 2007
- Planned consolidation of several licensing and regulatory boards within the Department of Commerce in FY 2007

OVERVIEW

The Department of Commerce is a multi-functional regulatory agency that emphasizes economic development, public safety, and customer service. Commerce operates with the use of little General Revenue Funds (GRF), funding most programs by assessing fees and charges on the industries that it regulates. However, the Department transfers profits and excess cash balances from these programs regularly to the GRF and other state agencies.

Commerce is organized into eight operating divisions and one administrative division. Each division is charged with carrying out specific sections of the Ohio Revised Code. The Division of Administration provides leadership, direction, and support to the eight operating divisions. The chief of each operating division and administration section reports directly to the Director of Commerce. In addition to the director, there is an assistant director.

Each division is organized into specific program, administrative, and support sections and has its own operating funds. The divisions are:

The Division of Financial Institutions, whose goal is to ensure the overall safety and soundness of the financial institutions under its supervision. The Division regulates credit unions, savings banks, money transmitters, check cashers, check cashing lenders, credit service organizations, insurance premium finance companies, mortgage brokers, mortgage lenders, pawnbrokers, precious metals dealers, and small loan companies. The Division took on additional responsibilities in the FY 2002-2003 biennium with the passage of Sub. H.B. 386, legislation that made several changes to Ohio's mortgage lending laws. The legislation preempted municipal regulation of lending and created the Office of Consumer Affairs within the Division of Financial Institutions. The Division of Financial Institutions was also given increased power to enforce the provisions of Chapter 1349. of the Revised Code that regulate mortgage lending practices, issue subpoenas to support its investigations, seek injunctions against lenders, suspend or revoke the licenses or registrations, and pursue civil damages of up to \$2,500 from anyone found to be in violation of that Chapter.

The Division of Industrial Compliance, whose mission is to provide services that safeguard the health, safety, and welfare of Ohio's workers and citizens. The Division is organized into three major bureaus: the Bureau of Construction Compliance, the Bureau of Operations & Maintenance, and the Bureau of Plans and Specifications. The Division also houses a centralized Administration Section, as well as the Board of Building Standards, Board of Building Appeals, Ohio Construction Industry Examining Board, and the Ski Tramway Board. The Executive's recommendation makes changes to permanent law to allow the Superintendent of Industrial Compliance to charge fees for administering a program for the

certification, recertification, and continuing education of plumbing inspectors. In addition, the Superintendent would also be permitted to adopt rules governing continuing education for inspectors and enter into reciprocal licensing agreements with other states.

The Division of Liquor Control is responsible for controlling the manufacture, distribution, and sale of all alcoholic beverages in the state. The Division sells spirituous liquor through more than 400 private contract liquor agencies in the state. The Division also issues permits to the state's approximately 24,000 privately owned and operated manufacturers, distributors, and retailers of alcoholic beverages.

The Division of Real Estate and Professional Licensing licenses real estate brokers, salespersons, appraisers, and registers foreign real estate property. It also licenses private investigators and security service providers, registers, and investigates complaints involving Ohio cemeteries while supporting the Ohio Cemetery Dispute Resolution Commission. The Division is charged with investigating complaints and/or allegations of fraud and misconduct made against these professions.

The Division of Securities administers and enforces the Ohio Securities Act, which requires the licensing of those who sell securities, provides for the registration of certain types of securities, and prohibits certain conduct in connection with the sale of securities.

The Division of State Fire Marshal is responsible for the protection of the citizens of Ohio from the dangers of fire and explosions and the protection of the environment from releases of petroleum from underground storage tanks. The Division's general areas of responsibility include: analyzing fire-related criminal evidence, modernizing and enforcing the Ohio Fire Code, investigating the cause and origin of fires and explosions, regulating underground storage tanks, training firefighters, and providing fire safety education to business, industry, and the public. The Executive's recommendation moves the Grants to Volunteer Fire Departments program from GRF funding to the State Fire Marshal's Fund (Fund 546), further reducing Commerce's reliance on the GRF. The Governor's proposal also makes changes to permanent law eliminating the Fire Marshal's Fireworks Training and Education Fund. The funds in the Fireworks Training and Education Fund (currently \$5,964) will be deposited into the State Fire Marshal's Fund (Fund 546).

The Division of Unclaimed Funds is responsible for the safekeeping and return of moneys designated as "unclaimed." Common sources of unclaimed funds include: dormant checking and savings accounts, insurance proceeds, unclaimed wages and employment benefits, uncashed checks and money orders, undelivered stocks and dividends, forgotten rent or utility deposits, and intangible contents of safe-deposit boxes. Unclaimed funds remaining in the Division's custody are used to support economic development and housing programs within the Department of Development and other such uses.

The Division of Administration directs, administers, supports, and coordinates the activities of the eight operating divisions of the Department. Within the Division of Administration are the offices of Human Resources, Information Systems and Services, Records Management, Fiscal Operations, Public Information, Quality Services, Legislative Liaison, Legal Council, and the Director's Office.

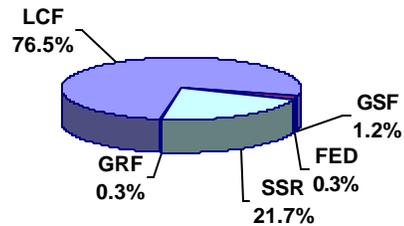
The Division of Labor and Worker Safety was created in the beginning of the FY 2000-2001 biennium through a merger between of the Department of Human Services (HUM) and the Bureau of Employment Services (BES). The Division's only section is the Wage and Hour Bureau, which oversees the prevailing wage laws, due to the Public Employer Risk Reduction Program (PERRP) and the OSHA on-site consultation program being moved to the Bureau of Workers' Compensation.

FYs 2006-2007 Executive Recommendation

The Executive has recommended FY 2006 appropriations of \$580,320,066, an increase of approximately 4.4% over estimated FY 2005 expenditures of \$555,959,699. Recommended FY 2007 appropriations are \$608,795,528, or 4.9% above the recommended FY 2006 appropriations.

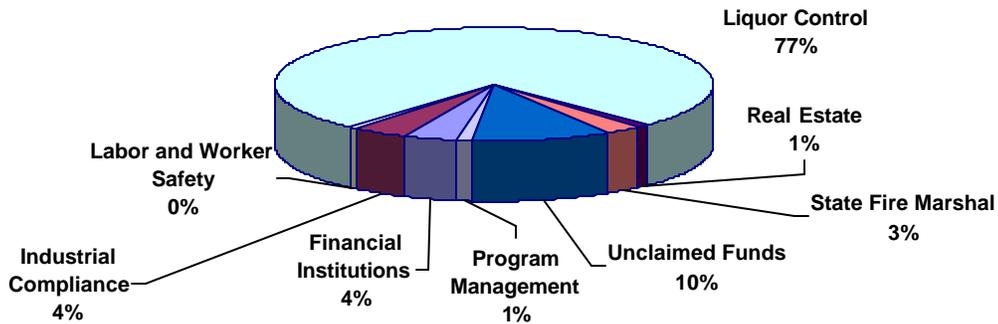
The adjacent pie chart illustrates that less than one percent of the Department’s budget comes from GRF funds. The Liquor Control Fund Group comprises over two-thirds of the agency’s budget due to the sale of spirituous liquor. The State Special Revenue Fund Group makes up most of the remainder of Commerce’s budget through fees that finance some or all of five of the Department’s nine divisions.

FYs 2006-2007 Recommended Funding by Fund Group



As the pie chart below also indicates, Liquor Control, through the administration of the sale of spirituous liquor in Ohio, is the program series with the greatest amount of funding in the Department of Commerce, followed by Unclaimed Funds.

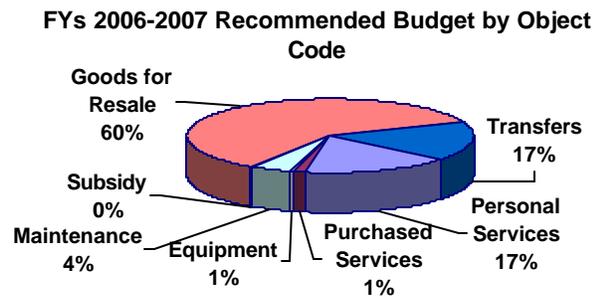
FYs 2006-2007 Recommended Funding by Program Series



However, when the Liquor Control program series is removed from Commerce’s budget, a more complete picture of the Department’s funding can be seen. The following table illustrates the share of funding for each program series when the Liquor Control portion is removed from the budget.

Department of Commerce Non-Liquor Control Budget				
	FY 2006 Rec. Funding	FY 2007 Rec. Funding	Biennium Total	Percent
Financial Institutions	\$23,173,585	\$23,272,111	\$46,445,696	16.5%
Industrial Compliance	\$25,037,257	\$25,037,257	\$50,074,514	17.8%
Real Estate	\$4,878,363	\$4,878,363	\$9,756,726	3.5%
State Fire Marshall	\$17,379,774	\$17,484,774	\$34,864,548	12.4%
Unclaimed Funds	\$59,351,051	\$62,351,051	\$121,702,102	43.3%
Labor and Worker Safety	\$2,136,477	\$2,082,397	\$4,218,874	1.5%
Program Management	\$6,996,167	\$7,153,082	\$14,149,249	5.0%
Total Non-Liquor Budget	\$138,952,674	\$142,259,035	\$281,211,709	100.0%

The adjacent pie chart illustrates Commerce’s budget by object of expense. As the other pie charts have also demonstrated, the sale of liquor is the largest aspect of Commerce’s operations and, as such, comprises 60% of the agency’s budget. Personal services and transfers (primarily from claims from the Unclaimed Funds program) account for the majority of the rest of the budget, each with a share of 17%. Maintenance, purchased services, equipment, and subsidies account for the rest the Department’s spending.



Summary of FYs 2006-2007 Budget Issues

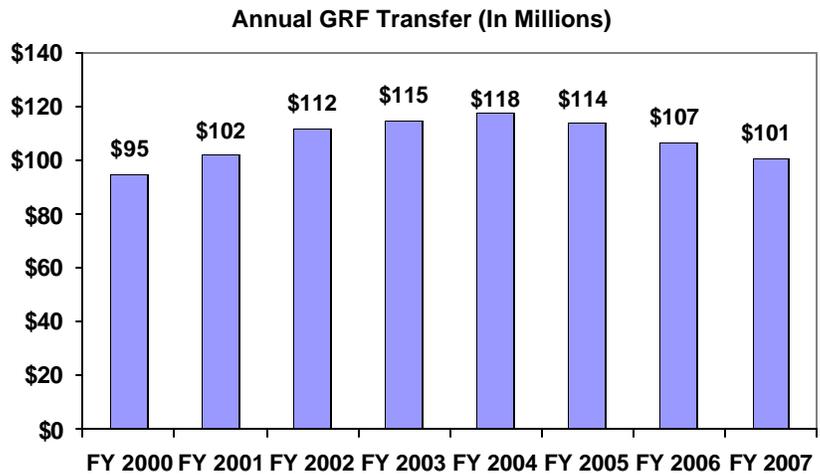
Board Consolidation

The executive budget recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. Under the proposal, the Department of Commerce will absorb the Accountancy Board, State Boards of Examiners of Architects, the Ohio Athletic Commission, the Barber Board, the State Board of Cosmetology, the Board of Embalmers and Funeral Directors, the State Board of Registration for Professional Engineers and Surveyors, the Manufactured Homes Commission, the Board of Motor Vehicle Collision Repair Registration, and the State Board of Sanitation Registration. The Executive recommends no funding in FY 2007 for the boards and commissions. The specifics of the consolidation plan will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, as well as the Department of Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM's *Blue Book*, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentives will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members for each agency will be retained and continue to service in the manner in which they were appointed. Commerce states that the consolidation will increase costs for the department.

Liquor Sales Projections

The executive recommended funding increases for all line items within the Liquor Control Fund Group over the amounts requested by Commerce. The request was submitted at 100% of estimated FY 2005 spending and did not account for expected increases in consumption. After the budget request was submitted to the Office of Budget and Management, Commerce revised its merchandising estimates based on the expected consumption and then estimated the appropriation needed for the other line items. Sales are expected to reach \$602 million in FY 2006 and \$626 million in FY 2007.

A portion of these proceeds is transferred to the GRF. The adjacent table illustrates the Division of Liquor Control’s annual GRF transfer from FY 2000 to FY 2004. The transfer of liquor sales proceeds to the GRF has also been upwardly revised to \$107 million in FY 2006 and \$101 million in FY 2007. The transfer in FY 2007 is lower than that of FY 2006 due to increased costs and an increased amount of liquor sales proceeds going to the financing of Development Bonds.



Increased Unclaimed Funds Appropriation

The Governor’s recommendation includes significantly increased funding for the Unclaimed Funds-Claims line item (543 800-625). The Office of Budget and Management stated that the large increase was given so that the budget would more accurately reflect what Unclaimed Funds would need to pay in claims in FYs 2006-2007. Previously, the Division relied on temporary language to appropriate whatever funds were necessary to pay claims.

In addition, the Unclaimed Funds- Operating line item (800-602) was given a large increase in funding in FY 2004 to account for the MetLife insurance company demutualizing. Demutualizing is the process of converting a mutual life insurance company owned by policyholders into a publicly traded stock company owned by shareholders. When many of these large insurance companies like MetLife demutualized, they did not have current addresses for policyholders entitled to receive compensation. As such, a significant amount of stock went unclaimed and additional money for the Operating line of the Unclaimed Funds program was needed to cope with the large amount of processing that had to be done by the Division of Unclaimed Funds. The Governor’s proposal returns funding to normal levels for the upcoming biennium.

PERRP, OSHA Consultation Program Transfer to BWC

The Governor’s proposal moves the Public Employer Risk Reduction Program (PERRP) and the OSHA On-site Consultation program from the Division of Labor and Worker Safety to the Bureau of Workers’ Compensation. The executive recommendation fully funds the remaining section of the Division, the Wage and Hour Bureau.

Fire Department Grants Program moves to Non-GRF Funding

The Executive’s recommendation moves the Grants for Volunteer Fire Departments program that was formerly funded by the GRF to the State Fire Marshal’s Fund (Fund 546). Fund 546 is funded by a .75% surcharge on fire insurance premiums, and 20% of retaliatory taxes collected from out-of-state insurance companies, course fees, licenses, and permits. Commerce states that the additional \$1.6 million in appropriations for the Fire Department Grants line item (546 800-639) should be easily absorbed since the fund balance for Fund 546 is projected at over \$28 million in FY 2006 and FY 2007.

Staffing Levels

Commerce Staffing Levels						
	Filled Positions				Estimated Employees	
	2002	2003	2004	2005	2006	2007
Totals	922	922	929	957.3	960.7*	960.7**

*Due to the transfer of the Public Employee Risk Reduction program and the OSHA On-site consultation program to the Bureau of Workers' Compensation, the number of FTEs employed by the Department of Commerce will be reduced by 32 in FY 2006, which is not reflected in the number stated above.

**In FY 2007, ten occupational licensing boards will be consolidated into the Department of Commerce. According to OBM, current staff on these boards will be retained through FY 2006. However, significant staff reductions are expected as a result of the implementation of a hiring freeze and early retirement incentives. Remaining staff will be transferred to Commerce in FY 2007. Board and commission members will be retained. The figure stated for FY 2007 includes board and commission members paid on a per diem basis but does not account for any additional staff that will be retained.

MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2006 AND FY 2007

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

Legislative Service Commission- Redbook

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	800-410	Labor and Worker Safety	\$ 2,086,477	\$ 2,032,397
		<u>Program Series 7: Labor and Worker Safety</u>	\$ 2,086,477	\$ 2,082,397
		Program 7.01: Wage and Hour Enforcement	\$ 2,086,477	\$ 2,032,397
General Revenue Fund Subtotal			\$ 2,086,477	\$ 2,032,397
General Services Fund Group				
163	800-620	Division of Administration	\$ 4,262,314	\$ 4,368,037
		<u>Program Series 8: Program Management</u>	\$ 4,262,314	\$ 4,368,037
		Program 8.01: Program Management	\$ 4,262,314	\$ 4,368,037
163	800-637	Information Technology	\$ 2,733,853	\$ 2,785,045
		<u>Program Series 88: Program Management</u>	\$ 2,733,853	\$ 2,785,045
		Program 8.01: Program Management	\$ 2,733,853	\$ 2,785,045
5F1	800-635	Small Government Fire Departments	\$ 250,000	\$ 250,000
		<u>Program Series 55: State Fire Marshal</u>	\$ 250,000	\$ 250,000
		Program 5.08: Fire Department Assistance	\$ 250,000	\$ 250,000
543	800-602	Unclaimed Funds- Operating	\$ 7,351,051	\$ 7,351,051
		<u>Program Series 6: Unclaimed Funds</u>	\$ 7,351,051	\$ 7,351,051
		Program 6.01: Unclaimed Funds	\$ 7,351,051	\$ 7,351,051
543	800-625	Unclaimed Funds- Claims	\$ 52,000,000	\$ 55,000,000
		<u>Program Series 6: Unclaimed Funds</u>	\$ 52,000,000	\$ 55,000,000
		Program 6.01: Unclaimed Funds	\$ 52,000,000	\$ 55,000,000
General Services Fund Subtotal			\$ 66,597,218	\$ 69,754,133
Liquor Control Fund Group				
43	800-601	Merchandising	\$ 382,595,409	\$ 397,839,347
		<u>Program Series 3: Liquor Control</u>	\$ 382,595,409	\$ 397,839,347
		Program 3.01: Liquor Agency Operations	\$ 382,595,409	\$ 397,839,347
43	800-627	Liquor Control Operating	\$ 16,873,183	\$ 15,981,346
		<u>Program Series 3: Liquor Control</u>	\$ 16,873,183	\$ 15,981,346
		Program 3.01: Liquor Agency Operations	\$ 11,048,464	\$ 10,156,627
		Program 3.02: Liquor Permit Licensing	\$ 5,283,599	\$ 5,283,599
		Program 3.03: Beer and Wine Compliance	\$ 541,120	\$ 541,120
43	800-633	Development Assistance Debt Service	\$ 32,158,300	\$ 39,230,000
		<u>Program Series 3: Liquor Control</u>	\$ 32,158,300	\$ 39,230,000
		Program 3.04: Debt Service Payments	\$ 32,158,300	\$ 39,230,000

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
43	800-636	Revitalization Debt Service	\$ 9,740,500	\$ 13,485,800
		<u>Program Series 3: Liquor Control</u>	\$ 9,740,500	\$ 13,485,800
		Program 3.04: Revitalization Debt Service	\$ 9,740,500	\$ 13,485,800
		Liquor Control Fund Subtotal	\$ 441,367,392	\$ 466,536,493
Federal Special Revenue Fund				
348	800-622	Underground Storage Tanks	\$ 195,008	\$ 195,008
		<u>Program Series 5: State Fire Marshal</u>	\$ 195,008	\$ 195,008
		Program 5.06: Bureau of Underground Storage Tanks	\$ 195,008	\$ 195,008
348	800-624	Leaking Underground Storage Tank	\$ 1,850,000	\$ 1,850,000
		<u>Program Series 5: State Fire Marshall</u>	\$ 1,850,000	\$ 1,850,000
		Program 5.06: Bureau of Underground Storage Tanks	\$ 1,850,000	\$ 1,850,000
		Federal Special Revenue Fund Subtotal	\$ 2,045,008	\$ 2,045,008
State Special Revenue Fund				
4B2	800-631	Real Estate Appraisal Recovery	\$ 35,000	\$ 35,000
		<u>Program Series 4: Real Estate</u>	\$ 35,000	\$ 35,000
		Program 4.02: Real Estate Appraisers	\$ 35,000	\$ 35,000
4H9	800-608	Cemetaries	\$ 273,465	\$ 273,465
		<u>Program Series 4: Real Estate</u>	\$ 273,465	\$ 273,465
		Program 4.03: Cemetary Registration	\$ 273,465	\$ 273,465
4X2	800-619	Financial Institutions	\$ 2,200,843	\$ 2,200,843
		<u>Program Series 1: Financial Institutions</u>	\$ 2,200,843	\$ 2,200,843
		Program 1.01: Banks	\$ 935,359	\$ 935,359
		Program 1.02: Consumer Affairs	\$ 154,059	\$ 154,059
		Program 1.03: Consumer Finance	\$ 440,169	\$ 440,169
		Program 1.04: Credit Unions	\$ 363,139	\$ 363,139
		Program 1.05: Money Transmitters	\$ 44,017	\$ 44,017
		Program 1.06: Savings Institutions	\$ 264,100	\$ 264,100
5K7	800-621	Penalty Enforcement	\$ 50,000	\$ 50,000
		<u>Program Series 7: Labor and Worker Safety</u>	\$ 50,000	\$ 50,000
		Program 7.01: Wage and Hour Law Enforcement	\$ 50,000	\$ 50,000
544	800-612	Banks	\$ 6,757,197	\$ 6,759,197
		<u>Program Series 1: Financial Institutions</u>	\$ 6,757,197	\$ 6,759,197
		Program 1.01: Banks	\$ 6,452,861	\$ 6,440,642
		Program 1.05: Money Transmitters	\$ 304,336	\$ 318,555

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
545	800-613	Savings Institutions	\$ 2,678,248	\$ 2,669,774
		<u>Program Series 1: Financial Institutions</u>	\$ 2,678,248	\$ 2,669,774
		Program 1.06: Savings Institutions	\$ 2,678,248	\$ 2,669,774
546	800-610	Fire Marshal	\$ 12,187,994	\$ 12,292,994
		<u>Program Series 5: State Fire Marshal</u>	\$ 12,187,994	\$ 12,292,994
		Program 5.01: Ohio Fire Academy	\$ 3,111,239	\$ 3,216,239
		Program 5.02: Code Enforcement	\$ 2,711,239	\$ 2,711,239
		Program 5.03: Investigations	\$ 2,475,479	\$ 2,475,479
		Program 5.04: Fire Prevention	\$ 1,532,439	\$ 1,532,439
		Program 5.05: Forensic Lab	\$ 1,178,799	\$ 1,178,799
		Program 5.07: Fireworks and Explosives	\$ 1,178,799	\$ 1,178,799
546	800-639	Fire Department Grants	\$ 1,647,140	\$ 1,647,140
		<u>Program Series 5: State Fire Marshal</u>	\$ 1,647,140	\$ 1,647,140
		Program 5.04: Fire Prevention	\$ 200,000	\$ 200,000
		Program 5.08: Fire Department Assistance	\$ 1,447,140	\$ 1,447,140
547	800-603	Real Estate Education/Research	\$ 250,000	\$ 250,000
		<u>Program Series 4: Real Estate</u>	\$ 250,000	\$ 250,000
		Program 4.01: Real Estate	\$ 250,000	\$ 250,000
548	800-611	Real Estate Recovery	\$ 50,000	\$ 50,000
		<u>Program Series 4: Real Estate</u>	\$ 50,000	\$ 50,000
		Program 4.01: Real Estate	\$ 50,000	\$ 50,000
549	800-614	Real Estate	\$ 3,605,892	\$ 3,605,892
		<u>Program Series 4: Real Estate</u>	\$ 3,605,892	\$ 3,605,892
		Program 4.01: Real Estate	\$ 3,605,892	\$ 3,605,892
550	800-617	Securities	\$ 4,300,000	\$ 4,400,000
		<u>Program Series 1: Financial Institutions</u>	\$ 4,300,000	\$ 4,400,000
		Program 1.07:Securities	\$ 4,300,000	\$ 4,400,000
552	800-604	Credit Union	\$ 2,936,852	\$ 2,941,852
		<u>Program Series 1: Financial Institutions</u>	\$ 2,936,852	\$ 2,941,852
		Program 1.04: Credit Unions	\$ 2,936,852	\$ 2,941,852
553	800-607	Consumer Finance	\$ 4,300,445	\$ 4,300,445
		<u>Program Series 1: Financial Institutions</u>	\$ 4,300,445	\$ 4,300,445
		Program 1.02: Consumer Affairs	\$ 1,024,132	\$ 1,034,795
		Program 1.03: Consumer Finance	\$ 3,276,313	\$ 3,265,650

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	ALI	Title	FY 2006	FY 2007
556	800-615	Industrial Compliance	\$ 25,037,257	\$ 25,037,257
		<u>Program Series 2: Industrial Compliance</u>	\$ 25,037,257	\$ 25,037,257
		Program 2.01: Plans and Specifications	\$ 4,205,153	\$ 4,252,969
		Program 2.02: Construction Compliance	\$ 5,685,980	\$ 5,753,227
		Program 2.03: Operations and Maintenance	\$ 10,620,943	\$ 10,754,941
		Program 2.04: Building Code	\$ 3,022,946	\$ 2,773,883
		Program 2.05: Ohio Construction Industry Examining Board	\$ 1,502,235	\$ 1,502,237
6A4	800-630	Real Estate Appraiser Operating	\$ 664,006	\$ 664,006
		<u>Program Series 4: Real Estate</u>	\$ 664,006	\$ 664,006
		Program 4.02: Real Estate Appraisers	\$ 664,006	\$ 664,006
653	800-629	UST Registration/Permit Fee	\$ 1,249,632	\$ 1,249,632
		<u>Program Series 5: State Fire Marshal</u>	\$ 1,249,632	\$ 1,249,632
		Program 5.06: Bureau of Underground Storage Tanks	\$ 1,249,632	\$ 1,249,632
State Special Revenue Fund Subtotal			\$ 68,223,971	\$ 68,427,497
Agency Total Funding			\$ 580,320,066	\$ 608,795,528

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 1

Financial Institutions

Purpose: The Financial Institutions Division ensures the overall safety and soundness of the financial institutions and companies under its supervision, and ensure that these institutions comply with all applicable laws and regulations.

The following table shows the line items that are used to fund the Financial Institutions program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4X2	800-619	Financial Institutions	\$2,200,843	\$2,200,843
544	800-612	Banks	\$6,757,197	\$6,579,197
545	800-613	Savings Institutions	\$2,678,248	\$2,669,774
552	800-604	Credit Union	\$2,936,852	\$2,941,852
553	800-607	Consumer Finance	\$4,300,445	\$4,300,445
550	800-617	Securities	\$4,300,000	\$4,400,000
Total Funding: Financial Institutions			\$23,173,585	\$23,272,111

This analysis focuses on the following specific programs within the Financial Institutions program series:

- **Program 1.01: Banks**
- **Program 1.02: Consumer Affairs**
- **Program 1.03: Consumer Finance**
- **Program 1.04: Credit Unions**
- **Program 1.05: Money Transmitters**
- **Program 1.06: Savings Institutions**
- **Program 1.07: Securities**

Program 1.01: Banks

Program Description: The Banks section regulates state-chartered banks and trust companies. In FY 2004, 106 banks, 2 trust only banks, and 15 trust departments within state-chartered banks were under the jurisdiction of this section. The section does not have jurisdiction over federal thrifts or national banks. The program is responsible for approving new bank charters, mergers, branch ventures, and other activities.

Applicants for bank charters must meet minimum capital and other business requirements. They must also receive approval for deposit insurance. Existing institutions wishing to expand operations through mergers, acquisitions, or branching must demonstrate their ability to do so. In addition, any Ohio state banks and state banks headquartered in other states must receive a certificate of authority to conduct a trust business in Ohio from the Superintendent.

The program also determines the safety and soundness of each bank and monitors the institution's adherence to applicable laws and regulations. Examinations vary in frequency from six months to two

years and are dependent upon each institution's size and/or overall conditions. Examiners, who differ from bank auditors in that they are directly responsible to the agency and not the institution, use a standard rating system (CAMELS) to determine capital adequacy, asset quality, management effectiveness, earnings levels and quality, liquidity, and sensitivity to market risk.

The program derives its authority from Chapter 1125. of the Revised Code. Established in 1908, it serves all consumers of banking services.

Funding Source: Application, examination, and investigation fees paid by banks, and an assessment charged to all banks and money transmitter fees

Line Items: Fund 544 800-612, Banks

Implication of Executive Recommendation: The executive recommendation fully funds the Banks program and allows it to maintain current service levels with a recommended funding level of \$7,388,220 in FY 2006 and \$7,376,001 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 1.02: Consumer Affairs

Program Description: The Consumer Affairs section, through the Office of Consumer Affairs, educates Ohioans on how to protect themselves in the mortgage lending process, receives complaints from those who have been victimized, and acts as a referral service to organizations that can assist the borrower. If lending laws have been violated, the office initiates enforcement actions and refers criminal cases for prosecution. In FY 2004, this program received nearly 5,500 inquiries and over 1,500 formal complaints.

Funding Source: Annual license fees for all consumer finance licensees, investigatory fees for new consumer finance licenses and related examination fees

Line Items: Fund 553 800-607, Consumer Finance

Implication of Executive Recommendation: The executive recommendation fully funds the Consumer Affairs program and allows it to maintain current service levels with a recommended funding level of \$1,178,191 in FY 2006 and \$1,188,854 in FY 2007. The Governor's proposal includes an additional \$310,000 over what was requested for the program to expand existing community outreach and education initiatives through such outlets as newsletters, educational events, and public service announcements.

Temporary and Permanent Law Provisions: None

Program 1.03: Consumer Finance

Program Description: The Consumer Finance section is responsible for licensing, regulating, and ensuring the safety and soundness of consumer finance organizations including check-cashing services, check casher lenders, credit service organizations, insurance premium finance companies, mortgage brokers, mortgage broker loan officers, pawnbrokers, precious metals dealers, second mortgage business, and small loan businesses. In FY 2004, the Consumer Finance section regulated nearly 9,900 organizations and individuals.

Funding Source: Investigation and annual license or registration fees charged to consumer loan companies, pawnbrokers, precious metal dealers, check-cashing businesses, mortgage brokers, loan officers, and credit service organizations. One-half of the fees collected from pawnbrokers and precious metals dealers are returned to the local government in which these operators reside.

Line Items: Fund 553 800-607, Consumer Finance

Implication of Executive Recommendation: The executive recommendation fully funds the Consumer Finance program and allows it to maintain current service levels with a recommended funding level of \$3,716,482 in FY 2006 and \$3,705,819 in FY 2007. The Governor's proposal continues the Borrow Smart campaign, which provides seminars, publications, and educational materials to help protect Ohioans from abusive lending.

Temporary and Permanent Law Provisions: None

Program 1.04: Credit Unions

Program Description: The Credit Unions section monitors the financial safety and soundness of Ohio's state-chartered credit unions. In FY 2004, there were 234 credit unions with total aggregated assets of \$8.5 billion under the jurisdiction of the Credit Union section. The program also examines and co-regulates the private insurer American Share Insurance, formerly the National Deposit Insurance Corporation, which is located in Ohio.

Funding Source: A semi-annual assessment on the gross assets of credit unions

Line Items: Fund 552 800-604, Credit Union

Implication of Executive Recommendation: The executive recommendation fully funds the Credit Unions program and allows it to maintain current service levels with a recommended funding level of \$3,299,991 in FY 2006 and \$3,304,991 in FY 2007. The Governor's proposal increases the number of field examiners, who conduct credit union examinations, from 12 to 15 to provide off-site monitoring of institutions that are increasing in overall size and complexity.

Temporary and Permanent Law Provisions: None

Program 1.05: Money Transmitters

Program Description: The Money Transmitters section provides for the licensing, supervision, and regulation of domestic and foreign money transmitters in Ohio, including financing networks that may be potential threats to Homeland Security. In FY 2004, 35 such entities operated in the state.

Funding Source: Annual license fees (including new and renewal) for both domestic and foreign money transmitters and investigatory fees for new money transmitter licenses in accordance with section 1315.02 of the Ohio Revised Code

Line Items: Fund 544 800-612, Banks

Implication of Executive Recommendation: The executive recommendation does not fully fund the Money Transmitters program. The Executive recommends \$348,353 in FY 2006 and \$362,572 in FY 2007, which is \$130,800 less than what was requested in FY 2006 and \$133,800 less than what was

requested in FY 2007. Commerce's budget request included an Extended Program Budget Request that asked for an additional 1.75 FTEs. 0.75 FTEs were related to existing functions of the program. However, 1.0 FTE was requested to complete duties stemming from proposed legislation. The request for the 1.0 FTE was not granted as the Office of Budget and Management does not recommend funding based on proposed legislation.

Temporary and Permanent Law Provisions: None

Program 1.06: Savings Institutions

Program Description: In FY 2004, there were 63 state-chartered savings and loan associations and state-chartered savings banks under the jurisdiction of the Savings Institution section. These institutions invest in real estate-related loans and securities. State chartered savings banks offer an important credit alternative to savings and loans and other banks as they combine the advantages found in both. The section funds its regulatory duties by levying assessments based upon the total assets of savings banks or savings and loans, which is then divided into the appropriation of the program budget.

Funding Source: Annual assessments based upon total assets of savings banks and savings and loans

Line Items: Fund 545 800-613, Savings Institutions

Implication of Executive Recommendation: The executive recommendation fully funds the Savings Institutions program and allows it to maintain current service levels with a recommended funding level of \$2,942,348 in FY 2006 and \$2,933,874 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 1.07: Securities

Program Description: The Securities program promotes investor education, regulates the sale of securities in Ohio, and licenses securities professionals in Ohio who sell securities and give advice about investing in securities. It engages in administrative sanctions against those persons and entities violating the securities laws in Ohio and makes referrals for criminal prosecution. In FY 2004, 5,800 filings for sale of securities were reviewed and the Division of Securities licensed over 123,000 securities salespersons.

Funding Source: Fees; income from securities registration and licensing amounted to about \$13.65 million in total fee income in FY 2003

Line Items: Fund 550, 800-617, Securities

Implication of Executive Recommendation: The executive recommendation does not fully fund the Securities program. The Executive recommends \$4,300,000 in FY 2006 and \$4,400,000 in FY 2007, which is \$300,000 less than what was requested in FY 2006 and \$236,000 less than what was requested in FY 2007. However, the Office of Budget and Management believes that the recommended funding for Securities will allow it to maintain current operations.

Temporary and Permanent Law Provisions: None

Program Series 2

Industrial Compliance

Purpose: The Division of Industrial Compliance examines and approves construction plans, performs inspections at industrial facilities, licenses and certifies inspectors, operators, individuals, and equipment.

The following table shows the line items that are used to fund Industrial Compliance as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
556	900-615	Industrial Compliance	\$25,037,257	\$25,037,257
Total Funding: Industrial Compliance			\$25,037,257	\$25,037,257

This analysis focuses on the following specific programs within the program series:

- **Program 2.01: Plans and Specifications**
- **Program 2.02: Construction Compliance**
- **Program 2.03: Operations and Maintenance**
- **Program 2.04: Building Code**
- **Program 2.05: Ohio Construction Industry Examining Board**

Program 2.01: Plans and Specifications

Program Description: The Plans and Specifications section reviews building plans for new construction, major renovations, additions or alterations for structures, except where local certified building departments have jurisdiction, and regulates industrialized units. In FY 2004, over 4,700 projects were submitted for review and over 1,000 industrial unit applications were submitted.

Funding Source: Architectural plan review and processing fees

Line Items: Fund 556 800-615, Industrial Compliance

Implication of Executive Recommendation: The executive recommendation fully funds the Plans and Specifications program and allows it to maintain current service levels with a recommended funding level of \$4,205,153 in FY 2006 and \$4,252,969 in FY 2007

Temporary and Permanent Law Provisions: None

Program 2.02: Construction Compliance

Program Description: The Bureau inspects construction plans for commercial buildings to ensure that the structural design, electrical, and plumbing systems meet standards established by the Ohio Basic Building Code. The Bureau is responsible for inspecting buildings, plumbing, electrical wiring, pressure vessels, pressure piping, and industrialized units throughout the state. The Bureau maintains next day inspection service and conducts over 50,000 inspections per year.

Funding Source: Architectural plan review and processing fees

Line Items: Fund 556 800-615, Industrial Compliance

Implication of Executive Recommendation: The executive recommendation fully funds the Construction Compliance program and allows it to maintain current service levels with a recommended funding level of \$5,685,980 in FY 2006 and \$5,753,227 in FY 2007

Permanent Law: Additional Requirements for Commercial Plumbing Inspectors (R.C. sections 3703.01, 3703.03, 3703.04, 3703.05, 3703.06, 3703.07, 3703.08, 3703.10, and 3703.99). This provision allows the Superintendent of Industrial Compliance to charge fees for administering a program for the certification, recertification, continuing education of plumbing inspectors; contract with a third party to conduct examinations for certifying inspectors; adopt rules governing continuing education for inspectors; enter into reciprocal licensing agreements with other states and other agencies of this state; refuse, suspend, or revoke the certification of inspectors; and examine an inspector and the inspector's records and books. The provision also repeals the prohibition preventing inspectors employed by the Department of Commerce from engaging in the plumbing business.

Temporary Law: None

Program 2.03: Operations and Maintenance

Program Description: The Bureau of Operations and Maintenance is responsible for the proper operation and maintenance of "critical systems" and oversees areas such as boiler operations and maintenance, elevators, and bedding and upholstered furniture. The Boiler section enforces rules regarding the construction, installation, and operation of boilers and inspects over 60,000 operating boiler rooms each year, verifying safety procedures and operator credentials. In FY 2004, the Bureau performed the following inspections: 16,200 boiler inspections, nearly 50,000 elevator inspections, and more than 7,500 bedding inspections.

The Elevator section performs inspections of passenger, freight, special-service, tower, and handicap elevators as well as escalators, dumbwaiters, and belt-type man lifts.

Funding Source: License and permit fees

Line Items: Fund 556 800-615, Industrial Compliance

Implication of Executive Recommendation: The executive recommendation fully funds the Operations and Maintenance program and allows it to maintain current service levels with a recommended funding level of \$10,620,943 in FY 2006 and \$10,754,941 in FY 2007

Temporary and Permanent Law Provisions: None

Program 2.04: Building Code

Program Description: The Building Code section supports the Board of Building Standards, which formulates and adopts rules governing building construction and maintenance to ensure building safety. The Board also certifies local building code enforcement departments. More than 9,100 building department personnel, state agency personnel, design professionals, and contractors in FY 2004 attended 153 continuing education courses developed and taught by the Board's staff. This section also supports the Board of Building Appeals, which reviews appeals of orders issued by the department's Bureau of

Construction Compliance or of a certified city or county building Department. The Board of Building Appeals reviewed nearly 780 cases in FY 2004.

Funding Source: The Board of Building Appeals receives funding through a \$200 fee for each building appeal. The Board of Building Standards receives funding through various fees.

Line Items: Fund 556 800-615, Industrial Compliance

Implication of Executive Recommendation: The executive recommendation fully funds the Building Code program and allows it to maintain current service levels with a recommended funding level of \$3,022,946 in FY 2006 and \$2,773,883 in FY 2007

Temporary and Permanent Law Provisions: None

Program 2.05: Ohio Construction Examining Board

Program Description: This Board coordinates tests and issues certificates to persons who have passed state examinations for the HVAC, electrical, refrigeration, and hydronics trades.

Funding Source: License fees

Line Items: Fund 556 800-615, Industrial Compliance

Implication of Executive Recommendation: The executive recommendation fully funds the Ohio Construction Industry Examining Board program and allows it to maintain current service levels with a recommended funding level of \$1,502,235 in FY 2006 and \$1,502,237 in FY 2007

Temporary and Permanent Law Provisions: None

Program Series 3

Liquor Control

Purpose: The mission of the Division of Liquor Control is to provide for the safe sale, consumption and distribution of alcoholic beverages in Ohio.

The following table shows the line items that are used to fund Liquor Control as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Liquor Control Fund				
043	800-601	Merchandising	\$382,595,409	\$397,839,347
043	800-627	Liquor Control Operating	\$16,873,183	\$15,981,346
043	800-633	Development Assistance Debt Service	\$32,158,300	\$39,230,000
043	800-636	Revitalization Debt Service	\$9,740,500	\$13,485,800
Total Funding: Liquor Control			\$441,367,392	\$466,536,493

This analysis focuses on the following specific programs within the program series:

- **Program 3.01: Liquor Agency Operations**
- **Program 3.02: Liquor Permit Licensing**
- **Program 3.03: Beer and Wine Compliance**
- **Program 3.04: Debt Service Payments**

Program 3.01: Liquor Agency Operations

Program Description: The Liquor Agency Operations program regulates the sale of spirituous liquor through private businesses, known as liquor agencies. The Division contracts with these businesses to serve as its sales agents. Agents are paid a commission based on their amount of sales, and the state retains ownership of the inventory. Current commission rates are 6% of sales for retail establishments, and 4% of sales for wholesale operations.

Spirituous liquor sales generate a large amount of revenue, which is used by several other state agencies to fund certain programs. The revenues are used to pay for the operating expenses of the Liquor Control Commission, and an alcohol treatment program operated by the Department of Drug and Alcohol Addiction Services, and the Department of Public Safety's Liquor Enforcement Division. After these expenses are deducted, the Division transfers the profits to (1) the General Revenue Fund, (2) the Economic Development Bond Service Account, and (3) the Department of Health for an alcohol-testing unit.

Funding Source: Liquor sales profits

Line Items: Fund 043 800-601, Merchandising; 800-627, Liquor Control Operating; 800-633, Development Assistance Debt Service

Implication of Executive Recommendation: The executive recommendation fully funds the Liquor Agency Operations program and allows it to maintain current service levels with a recommended funding level of \$393,648,873 in FY 2006 and \$407,995,974 in FY 2007. The Governor recommends increases in

funding for the Liquor Control Fund line items over that which was requested. OBM states that the Liquor Control request was submitted at 100% of estimated FY 2005 spending, and so did not account for expected increases in consumption. Commerce started with the flat merchandising data and built the numbers for the Liquor Control Operating, Development Assistance Debt Service, and Revitalization Debt Service around that base figure. During OBM's review, Commerce revised the appropriation required for other line items from the new merchandising estimates.

Temporary Law: Increased Appropriation Authority - Merchandising (Section 203.75). This provision allows for the Division of Liquor Control to use 800-601, Merchandising line item, for operating expenses and to pay for liquor products pursuant to section 4301.12 of the Revised Code. It also provides for additional appropriations that may be necessary as a result of increased sales.

Program 3.02: Liquor Permit Licensing

Program Description: The Liquor Permit Licensing program administers the state's complex liquor permitting system established by Chapters 4301., 4303., 4305., 4307., and 4399. of the Revised Code. The program reviews applications for permits to sell, manufacture, or distribute alcoholic beverages. The decision to grant or deny a permit is based on various factors including: (1) the wet or dry status of the location, (2) the number of permits allowed in a geographic area based on population density and the amount of existing permits or "quotas," (3) prior compliance record with legal requirements by the applicant, and (4) findings of the Division's investigations.

All licenses are renewable on an annual basis. The fee is divided between the local taxing districts, the GRF, and the Department of Alcohol and Drug Addiction Services. In FY 2004, permit fees of \$37 million were collected.

Funding Source: License fees paid by all liquor permit holders including manufacturers, distributors, retailers, and importers of alcoholic beverages

Line Items: Fund 043 800-627, Liquor Operating

Implication of Executive Recommendation: The executive recommendation fully funds the Liquor Permit Licensing program and allows it to maintain current service levels with a recommended funding level of \$5,283,599 in FY 2006 and \$5,283,599 in FY 2007. The Governor's proposal also allows for the completion of the conversion of LITS (License Issuance and Tracking System) to allow seamless distribution of liquor permit fees.

Temporary and Permanent Law Provisions: None

Program 3.03: Beer and Wine Compliance

Program Description: The Beer and Wine Compliance program is responsible for regulating industry compliance involving the manufacture, importation, and distribution of beer, wine, and low-proof (containing 21% or less alcohol by volume – 42 proof) beverages. Under the authority of Chapter 4301 of the Revised Code, the program must approve and register all beer, wine, and low-proof beverages sold in the state. Manufacturers and distributors (A and B permit holders), out-of-state suppliers and retail operations are inspected for compliance in the areas of advertising, pricing, the proper maintenance of draft beer dispensing equipment, and consignment or credit sales. Inspectors also investigate allegations of commercial bribery and look for tied-house violations such as exclusionary activity or inducements.

Funding Source: Fees for label registration, certificates of registration for out-of-state suppliers, solicitor registration, and coil cleaning of beer and wine dispensing equipment and revenue from liquor sales

Line Items: Fund 043 800-321, Liquor Operating

Implication of Executive Recommendation: The executive recommendation fully funds the Beer and Wine Compliance program and allows it to maintain current service levels with a recommended funding level of \$541,120 in FY 2006 and \$541,120 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 3.04: Debt Service Payments

Program Description: The Debt Service Payments program provides debt service payments on bonds issued under the authority of the Ohio Revised Code Chapters 151. and 166. to support various economic development initiatives and environmental clean-up initiatives that are appropriated in the Department of Development. In FY 2004, \$22.4 million in liquor profits was pledged for development assistance. For the upcoming biennium, a substantial share of the liquor profits will be pledged against bonds issued to support urban revitalization initiatives (also known as "Clean Ohio"), and to support development assistance. The executive budget provides for \$32.2 million in FY 2006 and \$39.2 million in FY 2007 for development assistance and \$9.7 million in FY 2006 and \$13.5 million in FY 2007 for revitalization.

Funding Source: Revenue from the sale of spirituous liquor

Line Items: Development Assistance Debt Service; and 800-636, Revitalization Debt Service

Implication of Executive Recommendation: The executive recommendation provides required payments on bonds issued to support economic development and environmental revitalization initiatives with a recommended funding level of \$41,898,800 in FY 2006 and \$52,715,800 in FY 2007.

Temporary Law: Development Assistance Debt Service (Section 203.75). A provision in the bill allows for the required payment of bond service charges on obligations issued under Chapter 151. of the Revised Code for Revitalization Debt Service and appropriates any additional amounts that are necessary for this purpose.

Revitalization Debt Service (Section 203.75). A provision in the bill allows for the required payment of bond service charges on obligations issued under Chapter 166. of the Revised Code for Development Assistance Debt Service and appropriates any additional appropriations that are necessary for this purpose.

Program Series 4**Real Estate and Professional Licensing**

Purpose: The Division of Real Estate and Professional Licensing licenses and regulates real estate brokers, salespersons, appraisers, and registers foreign real estate property. It also licenses private investigators and security providers, and registers and investigates complaints involving Ohio cemeteries while supporting the Ohio Cemetery Dispute Resolution Commission.

The following table shows the line items that are used to fund the Real Estate and Professional Licensing as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4B2	800-631	Real Estate Appraisal Recovery	\$35,000	\$35,000
4H9	800-608	Cemeteries	\$273,465	\$273,465
547	800-603	Real Estate Education/Research	\$250,000	\$250,000
548	800-611	Real Estate Recovery	\$50,000	\$50,000
549	800-614	Real Estate	\$3,605,892	\$3,605,892
6A4	800-630	Real Estate Appraiser Operating	\$664,006	\$664,006
Total Funding: Real Estate and Professional Licensing			\$4,878,363	\$4,878,363

This analysis focuses on the following specific programs within the Real Estate and Professional Licensing program series:

- **Program 4.01: Real Estate**
- **Program 4.02: Real Estate Appraisers**
- **Program 4.03: Cemetery Registration**

Program 4.01: Real Estate

Program Description: The section licenses and regulates real estate brokers and salespersons across the state as well as foreign real estate brokers and salespersons. The section also registers foreign real estate property. Another important function of the Real Estate section is to oversee the continuing education requirements for these various licensees. The Real Estate section also enforces the continuing education requirements for real estate brokers, real estate salespersons, and certified and licensed appraisers. In cases of documented and proven real estate fraud, consumers may apply for compensation from the Real Estate Recovery Fund.

Funding Source: License and other fees charged, interest earned on investments (real estate recovery only), and assessments against certificate holders (real estate appraisal recovery only)

Line Items: Fund 547 800-603, Real Estate Education/Research; Fund 548 800-611, Real Estate Recovery; Fund 549 800-614, Real Estate

Implication of Executive Recommendation: The executive recommendation does not fully fund the budget request of the Real Estate program. However, the Office of Budget and Management (OBM) states that the reduction in recommended funding levels for the Real Estate Recovery line item (548 800-

611) is designed to bring the appropriation more in line with actual prior year spending. As such, the recommendation allows the program to maintain current service levels with a recommended funding level of \$3,905,892 in FY 2006 and \$3,905,892 in FY 2007.

Temporary and Permanent Law Provisions: Cash Transfer to Real Estate Operating Fund (Section 203.75). A provision in the bill provides for the transfer of up to \$250,000 in cash from the Real Estate Recovery Fund (Fund 548) to the Real Estate Operating Fund (Fund 549) during the upcoming biennium. The provision also provides for the transfer of up to \$200,000 in cash from the Real Estate Appraiser Recovery Fund (Fund 4B2) to the Real Estate Operating Fund (Fund 549) during the upcoming biennium. These transfers are to replenish the Real Estate Operating Fund (Fund 549), which had been depleted by a transfer to the GRF in FY 2004 and a reduced amount of revenue after a larger than expected amount was received in FY 2002 from pro-rated renewals.

Program 4.02: Real Estate Appraisers

Program Description: The Real Estate Appraisers section licenses and certifies all general and residential appraisers in the state. In addition, the program oversees the pre-licensure and continuing education requirements of the industry, investigates complaints against licensees, and initiates disciplinary hearings as required. The program protects consumers who have been harmed during a real estate transaction by a licensee through the Real Estate Appraiser Recovery Fund. In FY 2004, more than 3,400 real estate appraisers were regulated under this program.

Funding Source: license and permit fees

Line Items: Fund 4B2 800-631, Real Estate Appraisal Recovery; Fund 6A4 800-630, Real Estate Appraiser Operating

Implication of Executive Recommendation: The executive recommendation does not fully fund the budget request of the Real Estate Appraisers program. However, the Office of Budget and Management (OBM) states that the reduction in recommended funding levels for the Real Estate Appraisal Recovery line item (4B2 800-631) is designed to bring the appropriation more in line with actual prior year spending. As such, the recommendation allows the program to maintain current service levels with a recommended funding level of \$699,006 in FY 2006 and \$699,006 in FY 2007.

Temporary Law: Cash Transfer to Real Estate Operating Fund (Section 203.75). A provision in the bill provides for the transfer of up to \$250,000 in cash from the Real Estate Recovery Fund (Fund 548) to the Real Estate Operating Fund (Fund 549) during the upcoming biennium. The provision also provides for the transfer of up to \$200,000 in cash from the Real Estate Appraiser Recovery Fund (Fund 4B2) to the Real Estate Operating Fund (Fund 549) during the upcoming biennium. These transfers are to replenish the Real Estate Operating Fund (Fund 549), which had been depleted by a transfer to the GRF in FY 2004 and a reduced amount of revenue after a larger than expected amount was received in FY 2002 from pro-rated renewals. These transfers are the same as those described above in the Real Estate program.

Program 4.03: Cemetery Registration

Program Description: The Cemeteries section registers all active cemeteries in Ohio, and investigates complaints or disputes involving registered cemeteries. Complaints against cemeteries are investigated and referred to the Ohio Cemetery Dispute Resolution Committee. There are currently over 3,300

cemeteries registered. This program also collects fees for burial permits issued in Ohio. During FY 2004, revenue from burial permits was nearly \$250,000.

Funding Source: Fees generated from registering and renewing registrations of cemeteries (\$25 each) and from burial permit fees (\$2.50 each)

Line Items: Fund 4H9 800-608, Cemeteries

Implication of Executive Recommendation: The executive recommendation fully funds the Cemetery Registration program and allows it to maintain current service levels with a recommended funding level of \$273,465 in FY 2006 and \$273,465 in FY 2007.

Temporary and Permanent Law Provisions: None

Program Series 5

State Fire Marshal

Purpose: The Division protects the citizens of Ohio from the dangers of fire and explosions and protects the environment from releases of petroleum from underground storage tanks. The Division accomplishes this goal by (1) analyzing fire-related criminal evidence, (2) modernizing and enforcing the Ohio Fire Code, (3) investigating the cause and origin of fires and explosions, (4) regulating underground storage tanks, and (5) training firefighters and providing fire safety education to business, industry, and the public.

The following table shows the line items that are used to fund the State Fire Marshal as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
546	800-610	Fire Marshal	\$12,187,994	\$12,292,994
546	800-639	Fire Department Grants	\$1,647,140	\$1,647,140
653	800-629	UST Registration/Permit Fee	\$1,249,632	\$1,249,632
State Special Revenue Fund Subtotal			\$15,084,766	\$15,189,766
General Services Fund				
5F1	800-635	Small Government Fire Departments	\$250,000	\$250,000
General Services Fund Subtotal			\$250,000	\$250,000
Federal Special Revenue Fund				
348	800-622	Underground Storage Tanks	\$195,008	\$195,008
348	800-624	Leaking Underground Storage Tanks	\$1,850,000	\$1,850,000
Federal Special Revenue Fund Subtotal			\$2,045,008	\$2,045,008
Total Funding: State Fire Marshal			\$17,369,774	\$17,484,774

This analysis focuses on the following specific programs within the Fire Marshal program series:

- **Program 5.01: Ohio Fire Academy**
- **Program 5.02: Code Enforcement**
- **Program 5.03: Investigations**
- **Program 5.04: Fire Prevention**
- **Program 5.05: Forensic Lab**
- **Program 5.06: Bureau of Underground Storage Tanks**
- **Program 5.07: Fireworks and Explosives**
- **Program 5.08: Fire Department Assistance**

Program 5.01: Ohio Fire Academy

Program Description: The Ohio Fire Academy program conducts fire-related training courses for more than 15,000 emergency responders annually. Training, which is conducted at the Academy facilities and on-site throughout the state, includes firefighting, anti-terrorism response, and urban search and rescue.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes, and fees from fireworks licenses and building inspections. The program is also funded

through course fees and Department of Homeland Security grants through Ohio EMA to fund payroll, purchased and personal services, maintenance, and equipment.

Line Items: SSR 546, 800-610 Fire Marshal

Implication of Executive Recommendation: The executive recommendation fully funds the Ohio Fire Academy program and allows it to maintain current service levels with a recommended funding level of \$3,111,239 in FY 2006 and \$3,216,239 in FY 2007. The Governor's proposal includes an additional \$400,000 for Fire Academy Homeland Security Equipment and vehicle replacement, which Commerce asked for in an Extended Program Budget Request. This Homeland Security equipment and vehicle replacement initiative allows Commerce to discontinue going before the Controlling Board for every award received from Homeland Security funds through the Department of Public Safety. This permits the funds to be processed more quickly.

Temporary and Permanent Law Provisions: None

Program 5.02: Code Enforcement

Program Description: The Code Enforcement section performs fire safety inspections at hotels, motels, hospitals, nursing homes, and other buildings and events. It also enforces the fire code at fireworks facilities, manufacturers, and exhibitions. The program also conducts plan review and inspections for flammable and combustible liquid storage tanks not regulated by the Bureau of Underground Storage Tanks Regulations or the local fire department. In FY 2004, this program conducted nearly 10,000 fire safety inspections and almost 4,000 re-inspections.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes, and fees from fire safety inspections and flammable and combustible liquid permits

Line Items: SSR 546, 800-610, Fire Marshal

Implication of Executive Recommendation: The executive recommendation fully funds the Code Enforcement program and allows it to maintain current service levels with a recommended funding level of \$2,711,239 in FY 2006 and \$2,711,239 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 5.03: Investigations

Program Description: The Investigations section is responsible for investigating the cause, origin, and circumstances of fires, explosives, and fireworks incidents in Ohio. It is also responsible for the prosecution of persons believed to be guilty of arson or a similar crime. In FY 2004, this program investigated 75 fire deaths, and determined that 16 were criminally related. Program staff determined that 382 of the incidents investigated were a result of arson.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide and retaliatory taxes to out-of-state insurance companies

Line Items: SSR 546, 800-610, Fire Marshal

Implication of Executive Recommendation: The executive recommendation fully funds the Investigations program and allows it to maintain current service levels with a recommended funding level of \$2,475,479 in FY 2006 and \$2,465,479 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 5.04: Fire Prevention

Program Description: The Fire Prevention program creates fire safety publications and conducts fire safety education outreach at schools, senior centers, health care facilities, and other locations as requested. This program also compiles statistical data collected through the Ohio Fire Information Reporting System regarding the nature and causes of fire and promotes the use of fire detectors and distributes free detectors in southeast Ohio. In FY 2004, nearly 3,400 fire safety-related programs reached almost 80,000 Ohioans.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide and retaliatory taxes to out of state insurance companies

Line Items: SSR 546, 800-610, Fire Marshal; SSR 546, 800-639, Fire Department Grants

Implication of Executive Recommendation: The executive recommendation fully funds the Fire Prevention program and allows it to maintain current service levels with a recommended funding level of \$1,732,439 in FY 2006 and \$1,732,439 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 5.05: Forensic Lab

Program Description: The Forensic Lab section analyzes evidence from fires and explosions as well as hazardous material leaks and spills on behalf of fire investigators and state and local law enforcement agencies. During FY 2004, the laboratory examined nearly 780 cases consisting of over 2,400 pieces of evidence.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes to out-of-state insurance companies, and a Paul Coverdell Science Improvement Grant (federally administered through the Ohio Office of Criminal Justice Services)

Line Items: SSR 546, 800-610, Fire Marshal

Implication of Executive Recommendation: The executive recommendation fully funds the Forensic Lab program and allows it to maintain current service levels with a recommended funding level of \$1,178,799 in FY 2006 and \$1,178,799 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 5.06: Bureau of Underground Storage Tanks

Program Description: The Bureau of Underground Storage Tanks program regulates and enforces statutes related to the registration, installation, removal, upgrade, or repair of petroleum underground storage tanks. In addition, in FY 2004, the program issued over 1,500 permits to install, remove, repair, or modify systems and inspected these activities.

Funding Source: Tank registration fees, permit and licensing fees, enforcement penalties, federal grant of \$1.437 million for the BUSTR environmental program (Leaking Underground Storage Tank grant) and a \$186,000 grant that partially funds the BUSTR field staff charged with performing compliance and permit inspections (Underground Storage Tank grant)

Line Items: FED 348, 800-622, Underground Storage Tanks; FED 348, 800-624, Leaking Underground Storage Tanks; SSR 653, 800-629, UST Registration/Permit Fee

Implication of Executive Recommendation: The executive recommendation fully funds the Bureau of Underground Storage Tanks program and allows it to maintain current service levels with a recommended funding level of \$3,294,640 in FY 2006 and \$3,294,640 in FY 2007.

Temporary and Permanent Law Provisions: None

Program 5.07: Fireworks and Explosives

Program Description: The Fireworks and Explosives section formulates and implements program policy and supervising programs dealing with the Investigations Bureau and Fire Safety Inspectors engaged in duties related to the identification and handling of explosives and/or fireworks; and/or the licensing and inspection of facilities where explosives and/or fireworks are manufactured, stored, or sold. Additionally, the program oversees more than 50 fireworks wholesalers and manufacturing facilities, over 520 licensed fireworks exhibitors, nearly 1,100 registered assistants, and multiple flame effect technicians regulated by the State Fire Marshal. In FY 2004, in-service training courses and presentations reached over 1,300 attendees.

Funding Source: 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes to out-of-state insurance companies, assessments to fireworks manufacturers, and licensing fees

Line Items: SSR 546, 800-610, Fire Marshal

Implication of Executive Recommendation: The executive recommendation does not fully fund the Fireworks and Explosives program. The Governor's proposal recommended a funding level of \$1,178,799 in FY 2006 and \$1,178,799 in FY 2007, which is \$10,976 less than what the Department requested for this program.

Permanent Law: Fire Marshal's Fireworks and Training Education Fund (R.C. 3743.57). This provision eliminates the Fire Marshal's Fireworks Training and Education Fund.

Temporary Law: Cash Transfer to State Fire Marshal Fund (Section 203.75). A provision in the bill directs the Director of the Office of Budget and Management to transfer the cash balance in the Fire Marshal's Fireworks Training and Education Fund (Fund 4L5), which has been abolished in division (B) of section 3743.57 of the Revised Code as amended by the Main Operating Appropriations Act, to the State Fire Marshal's Fund (Fund 546). The Director of OBM shall cancel any existing encumbrances against the Fireworks Training and Education Fund and re-establish them against the State Fire Marshal's Fund. The provision also appropriates the re-established encumbrances. The current cash balance of the Fireworks Training and Education Fund (Fund 4L5) is approximately \$5,964.

Program 5.08: Fire Department Assistance

Program Description: The Fire Department Assistance program provides grants and no-interest loans to local fire departments to offset the cost of training and equipment. In FY 2004, grants totaling \$1,353,000 were issued.

Funding Source: Loan repayments and cash transfers from Fund 546

Line Items: Fund 546, 800-639, Fire Department Grants; Fund 5F1 800-635, Small Government Fire Departments

Implication of Executive Recommendation: The executive recommendation fully funds the Bureau of Underground Storage Tanks program with a recommended appropriation of \$1,697,140 in FY 2006 and \$1,697,140 in FY 2007. The Governor's proposal increases the funding available for grants to volunteer fire departments from \$609,000 in FY 2005 to \$760,000 annually, supports full or partial reimbursement to local units of government and fire departments for the cost of firefighter training and equipment or gear (as previously provided from the Mandate Assistance line item in the Controlling Board budget), and provides up to \$200,000 per fiscal year for grants to fire departments to assist in the conversion of existing data systems to the National Fire Information Reporting System 5 (NFIRS 5) electronic fire reporting system.

Temporary Law:

Small Government Fire Departments (Section 203.75). A provision in the bill allows the appropriation for the Small Government Fire Departments line item (5F1, 800-635) to be used to provide loans to private fire departments.

Fire Department Grants (Section 203.75). A provision in the bill earmarks up to \$760,000 in FYs 2006-2007 to make annual grants to volunteer fire departments of up to \$10,000, or up to \$25,000 if the volunteer fire department provides service for an area affected by a natural disaster. Up to \$687,000 in each fiscal year is to be used as full or partial reimbursement to local units of government and fire departments for the cost of firefighter training and equipment or gear. Under rules that the Department shall adopt, a local unit of government or fire department may apply to the Department for a grant to cover all documented costs that are incurred to provide firefighter training and equipment or gear. Priority is given to fire departments that serve small villages and townships. Up to \$200,000 in each fiscal year shall be used to make grants to fire departments to assist in the conversion of existing data systems to the NFIRS 5 electronic fire reporting system. Under rules that the Department shall adopt, awards shall have a maximum of \$50,000 per fire department and shall be based on a point system that includes factors such as consideration of the fire department's information technology and operating budgets, population and area served, number of incidents, data conversion and implementation methods, and readiness.

Program Series 6

Unclaimed Funds

Purpose: The Division of Unclaimed Funds is responsible for the safekeeping and return of moneys designated as "unclaimed." In the meantime, the Division uses a portion of reported unclaimed funds to support housing loan guarantees in the Department of Development.

The following table shows the line items that are used to fund Unclaimed Funds as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
543	800-602	Unclaimed Funds - Operating	\$7,351,051	\$7,351,051
543	800-625	Unclaimed Funds - Claims	\$52,000,000	\$55,000,000
Total Funding: Unclaimed Funds			\$59,351,051	\$62,351,051

■ **Program 6.01: Unclaimed Funds**

Program 6.01: Unclaimed Funds

Program Description: Each year, due to death, inadvertence, or forgetfulness, more than 200,000 people and organizations lose track of moneys, rights to moneys, and intangible property in Ohio. The Division of Unclaimed Funds is responsible for the safekeeping and return of moneys designated as "unclaimed." State law requires that these funds be reported to the state for safekeeping after the owners have left the funds unclaimed for a specific period of time, usually five years. The state acts as a custodian for the funds until the rightful owners or their heirs claim them. Common sources of unclaimed funds include: dormant checking and savings accounts, insurance proceeds, unclaimed wages and employment benefits, uncashed checks and money orders, undelivered stock and dividends, forgotten rent or utility deposits, and intangible contents of safe deposit boxes. Until the rightful owner is located, unclaimed funds support economic development throughout Ohio. The Ohio Department of Development and the Ohio Housing Finance Agency use these resources to guarantee and fund low- and moderate- income housing programs. Unclaimed funds also guarantee performance bonds for the Minority Business Bonding Fund. In FY 2004, more than 39,000 claims were paid and a total of over \$49 million was returned to current or former Ohio residents.

Funding Source: Funds from the unclaimed funds custodial account under the Treasurer of State which receives at least 10% of the aggregate amount of unclaimed funds of financial and business institutions, as well as the interest earned on these funds

Line Items: Fund 543, 800-602, Unclaimed Funds - Operating; Fund 543, 800-625, Unclaimed Funds - Claims

Implication of Executive Recommendation: The executive recommendation fully funds the Unclaimed Funds program with a recommended appropriation of \$59,351,051 in FY 2006 and \$62,351,051 in FY 2007. The Governor's proposal increases funding to this program to more accurately reflect what Unclaimed Funds will need to pay in claims in FYs 2006-2007. Previously, the Division relied on temporary language to appropriate whatever funds were necessary to pay claims.

In FY 2004, the Unclaimed Funds - Operating line item (800-602) was given a large increase in funding to account for the additional processing that needed to be done as a result of the MetLife insurance company demutualizing, which left a large amount of stock unclaimed (for a more in depth description of this occurrence, please see the “Summary of FYs 2006-2007 Budget Issues” on page 5 of this document). The Governor’s proposal for the upcoming biennium returns funding to prior years’ levels.

Temporary Law:

Unclaimed Funds Payments (Section 203.75). The bill includes a provision that appropriates additional funding to the Unclaimed Funds - Claims line item (800-625) if it is necessary to pay claims.

Unclaimed Funds Transfers (Section 203.75). The bill includes a provision that, prior to the end of FYs 2006 and 2007, would transfer to the GRF up to \$50 million of unclaimed funds that have been reported by holders of unclaimed funds irrespective of the allocation of unclaimed funds under section 169.05 of the Revised Code

Program Series 7

Labor and Worker Safety

Purpose: The Division was created as a result of the merger between the Bureau of Employment Services and the Department of Human Services during the FY 2001-2002 biennium. The Division enforces Ohio's labor laws, including wage and hour, child labor, and employee and employer safety and health inspections.

The following table shows the line items that are used to fund the Labor and Worker Safety program as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	800-410	Labor and Worker Safety	\$2,086,477	\$2,032,397
General Revenue Fund Subtotal			\$2,086,477	\$2,032,397
State Special Revenue Fund				
5K7	800-621	Penalty Enforcement	\$50,000	\$50,000
State Special Revenue Fund Subtotal			\$50,000	\$50,000
Total Funding: Labor and Worker Safety			\$2,136,477	\$2,082,397

■ **Program 7.01: Wage and Hour Law Enforcement**

Program 7.01: Wage and Hour Law Enforcement

Program Description: The Wage and Hour Law Enforcement program enforces minimum wage and minor labor laws. Since September 2002, over 1,300 schools have registered to file age and schooling certificates (minor work permits) electronically, thus resulting in savings for schools districts, the state, and employers. The program also enforces Ohio's prevailing wage, which is the wage rate that must be paid to employees who are working on any type of public works or public improvement construction project. In FY 2004, this program collected more than \$825,000 in prevailing wage back wages, more than \$111,000 in minimum and overtime back wages, and more than \$43,000 in prevailing wage penalties.

Funding Source: General Revenue Funds; statutory penalties assessed against companies that have violated the prevailing wage laws

Line Items: GRF, 800-410, Labor and Worker Safety; SSR 5K7, 800-621, Penalty Enforcement

Implication of Executive Recommendation: The executive recommendation fully funds the Wage and Hour Law Enforcement program and allows it to maintain current service levels with a recommended funding level of \$2,136,477 in FY 2006 and \$2,082,397 in FY 2007. The Public Employee Risk Reduction Program (PERRP) and the OSHA On-Site Consultation programs were transferred to the Bureau of Workers' Compensation in the BWC Budget Bill.

Temporary Law: Penalty Enforcement (Section 203.75). A provision in the bill stipulates that the appropriation for line item 800-621, Penalty Enforcement must be used to enforce prevailing wage laws, sections 4115.03 to 4115.16 of the Revised Code.

Program Series 8

Program Management

Purpose: The Division of Administration directs, administers, supports, and coordinates the activities of the seven operating divisions of the Department and serves as a liaison to other government, corporate, and public entities.

The following table shows the line items that are used to fund Administration as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
163	800-620	Division of Administration	\$4,262,314	\$4,368,037
163	800-637	Information Technology	\$2,733,853	\$2,785,045
Total Funding: Administration			\$6,996,167	\$7,153,082

■ **Program 8.01: Program Management**

Program 8.01: Program Management

Program Description: The Program Management section provides communications, fiscal administration, human resources, information technology, legal, legislative affairs, quality, training, and employee development, and support services. During the FY 2004-2005 biennium, the Division of Administration consolidated the IT staff within the Division to allow the supervision of all information technology for Commerce through a centralized group.

Funding Source: Special assessment levied on the Department's various operating funds. The assessment is a percentage of the actual payroll costs incurred by each of the individual funds within the Department and is collected on a monthly basis (a month in arrears). The percentage is established annually and has steadily increased as a result of the expansion of Commerce’s services provided to each of the operating divisions.

Line Items: 163, 800-620, Administration; 163, 800-637, Information Technology

Implication of Executive Recommendation: The executive recommendation fully funds the Program Management program with a recommended appropriation of \$6,996,167 in FY 2006 and \$7,153,082 in FY 2007. The Governor’s proposal increases funding to this program over what was requested to correct an inadvertent under-appropriation that occurred during the FY 2004-2005 budget process. Because of the under-appropriation, Commerce submitted Controlling Board requests in FY 2004 and FY 2005 to bring the Division of Administration’s funding to a more adequate level. After the Department’s budget request was submitted to the Office of Budget and Management in the current budget process, it realized it should have appealed the FY 2005 numbers because of the under-appropriation during the FYs 2004-2005 budget process. As such, the Governor’s proposal increases funding to this program to make a more realistic appropriation.

Temporary Law: Administrative Assessments (Section 203.75). A provision in the bill entitles the Division of Administration to receive assessments from all operating funds of the Department. This is the source of operating revenue for the Program Management function.

REQUESTS NOT FUNDED

Transfer of Programs to Bureau of Workers' Compensation

Labor and Worker Safety (800-610)						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
GRF 800-410	\$3,501,538	\$2,086,477	(\$1,415,061)	\$3,501,538	\$2,032,397	(\$1,469,141)

The Governor's proposal accounts for the transfer of the Public Employer Risk Reduction Program (PERRP) and the OSHA on-site consultation program from the Division of Labor and Worker Safety to the Bureau of Workers' Compensation and reduces the funding of the Division accordingly. As such, the remaining program within the Division, Wage and Hour Law Enforcement, remains fully funded.

Transfer of funds from Fire Marshal (800-610) to Fire Department Grants (800-639)

The Governor's proposal includes several adjustments to the State Fire Marshal's Fund (Fund 546), line item 800-610 from that which was requested by Commerce. First, \$200,000 in both FY 2006 and FY 2007 have been moved from appropriation item 800-610, Fire Marshal, to appropriation item 800-639, Fire Department Grants to assist fire departments in upgrading to a new, required electronic fire reporting system. Second, Commerce submitted an Extended Program Budget Request of \$150,000 for both FY 2006 and FY 2007 that was requested out of the 800-610, Fire Marshal line item. This request was also moved to 800-639, Fire Department Grants. As such, these changes, combined with the programmatic changes in the State Fire Marshal program series described below fully account for the reduced amount of funding the Governor's proposal recommended for the 800-610, Fire Marshal line item.

Funding Adjustments

Program 1.05: Financial Institutions - Money Transmitters						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
544 800-612	\$479,153	\$348,353	(\$130,800)	\$496,372	\$362,572	(\$133,800)

Commerce's budget request included an Extended Program Budget Request that asked for an additional 1.75 FTEs. 0.75 FTEs were related to existing functions of the Money Transmitters program. However, 1.0 FTE was requested to complete duties stemming from proposed legislation. The request for the 1 FTE was not granted as the Office of Budget and Management does not recommend funding based on proposed legislation.

Program 1.07: Financial Institutions - Securities						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
550 800-617	\$4,600,000	\$4,300,000	(\$300,000)	\$4,636,000	\$4,400,000	(\$236,000)

The Governor’s proposal trims \$300,000 (7%) in FY 2006 and \$236,000 (5%) in FY 2007 in personal services funding that the agency requested for the Securities program. However, the Office of Budget and Management believes the recommended funding levels will provide continued service for this program as the recommended funding brings the program’s appropriation in line with prior years’ spending.

Program 5.01: Fire Marshal - Fire Academy						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
546 800-610	\$3,342,239	\$3,111,239	(\$231,000)	\$3,342,239	\$3,216,239	(\$126,000)

This request would have expanded the Direct Delivery program that would have offered selective classes free of charge to Ohio’s Fire Service and Emergency Responders to help firefighters meet the additional requirements of legislation presented by the Ohio Fire Alliance that would mandate re-certification of firefighters every three years. In addition, this request would have increased funding by \$105,000 to pay for increased costs of custodial, cafeteria, and HVAC preventative maintenance contracts due to capital projects that will increase the square footage for offices and student dormitories. The Governor’s proposal does not fund this request in FY 2006, but does fund it in FY 2007.

Program 1.04: Fire Marshal - Fire Prevention						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
546 800-610	\$1,982,439	\$1,732,439	(\$250,000)	\$1,982,439	\$1,732,439	(\$250,000)

This request would have provided funding for the development of a mobile Residential Sprinkler Educational Trailer and funding to provide an incentive for home builders to install residential sprinkler systems through a 10% installation cost rebate issued to the contractor/installer. As a result, the State Fire Marshall will not be able to perform this service.

Program 4.01: Real Estate and Professional Licensing - Real Estate Recovery						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
548 800-611	\$100,000	\$50,000	(\$50,000)	\$100,000	\$50,000	(\$50,000)

The Office of Budget and Management stated that the recommended funding levels of this line item were reduced to bring the appropriation in line with prior-year actual spending. This program compensates victims of real estate fraud.

Program 4.02: Real Estate and Professional Licensing - Real Estate Appraiser Recovery						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
4B2 800-631	\$60,000	\$35,000	(\$25,000)	\$60,000	\$35,000	(\$25,000)

The Office of Budget and Management stated that the recommended funding levels of this line item were reduced to bring the appropriation in line with prior-year actual spending. This program compensates victims of real estate fraud.

General Revenue Fund

GRF 800-402 Grants-Volunteer Fire Departments

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$844,768	\$647,953	\$622,035	\$609,076	\$0	\$0
	-23.3%	-4.0%	-2.1%	-100.0%	N/A

Source: GRF

Legal Basis: ORC 3737.22; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds assist volunteer fire departments by providing them with grants for equipment and training. Temporary law sets the maximum award at \$10,000 per grant, or \$25,000 for volunteer fire departments located in an area effected by a natural disaster. The State Fire Marshal administers this program.

GRF 800-410 Labor and Worker Safety

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,550,430	\$3,224,492	\$3,315,130	\$3,501,537	\$2,086,477	\$2,032,397
	-9.2%	2.8%	5.6%	-40.4%	-2.6%

Source: GRF

Legal Basis: ORC 4109, 4111, 4115, and 4167; Section 29 of Am. Sub. H.B. 95 of the 125th G.A. (originally authorized by Executive Order and cooperative agreements with the federal government)

Purpose: This line item collapses into one line item all GRF appropriations for the Division of Labor and Worker Safety. Formerly, operations were funded from the 800-412 Prevailing/Minimum Wage line item, 800-413, OSHA Match, and 800-417, Public Employer Risk Reduction. For FYs 2006-2007, the Executive has recommended a transfer of the OSHA On-Site Consultation program and Public Employees Risk Reduction Program (PERRP) to the Bureau of Workers' Compensation.

GRF 800-412 Prevailing/Minimum Wage & Minors

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$254,001	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 4109, 4111, and 4115; established as the result of the merger between the Department of Human Services and the Bureau of Employment Services)

Purpose: This line item funded the activities related to the enforcement of the state's prevailing wage, minimum wage, and minor labor laws. Funding is now contained in line item 800-410, Labor and Worker Safety, created in Am. Sub. H.B. 95 of the 125th G.A.

GRF 800-413 OSHA Match

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$9,347	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally authorized in 1976 by Executive Order cooperative agreements with the federal government; transferred to the Department of Commerce from the Bureau of Employment Services in Am. Sub. H.B. 640 of the 123rd G.A.)

Purpose: This line item funded state matches to federal OSHA grants for on-site consultation services. These matches may now be obtained through appropriations in GRF 800-410, Labor and Worker Safety.

GRF 800-417 Public Employee Risk Reduction

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$91,111	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 4167)

Purpose: This line item was used to fund the Public Employer Risk Reduction Program (PERRP), formerly operated by the Bureau of Employment Services. Now operated within the Division of Labor and Worker Safety, this line item is discontinued. The PERRP itself, however, remains GRF-funded under line item 800-410, Labor and Worker Safety. Starting in FY 2006, the Executive proposes moving this program and its funding to the Bureau of Workers' Compensation.

General Services Fund Group

163 800-620 Division of Administration

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$5,825,516	\$5,419,460	\$4,013,146	\$4,468,821	\$4,262,314	\$4,368,037
	-7.0%	-25.9%	11.4%	-4.6%	2.5%

Source: GSF: Revenues received from indirect cost assessments applied to each operating fund of the Department

Legal Basis: ORC 121.08(G); Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: The appropriation pays for the costs of administering, supporting, and coordinating the activities of the eight operating divisions of the Department. Functions associated with human resources, support services, fiscal operations, public information, employee training and development, legislative services, legal counsel and the director's office are funded through this line item.

163 800-637 Information Technology

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$1,953,654	\$2,772,924	\$2,733,853	\$2,785,045
	N/A	N/A	41.9%	-1.4%	1.9%

Source: GSF: Indirect cost assessments applied to each operating fund of the Department

Legal Basis: Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: The funds are used to pay for the costs associated with departmental information technology infrastructure that were previously paid from 800-620, Division of Administration, and various other operating line items.

543 800-602 Unclaimed Funds-Operating

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,496,019	\$5,534,537	\$13,698,709	\$7,051,051	\$7,351,051	\$7,351,051
	-14.8%	147.5%	-48.5%	4.3%	0.0%

Source: GSF: Funds are allocated from the unclaimed funds custodial account under the Treasurer of State. That fund receives at least 10% of the aggregate amount of unclaimed funds of financial institutions and businesses, as reported on their records. Earned interest is also included.

Legal Basis: ORC 169.05

Purpose: The purpose of this line item is to pay the operating and administrative expenses of the Division of Unclaimed Funds.

543 800-625 Unclaimed Funds-Claims

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$34,884,793	\$43,434,905	\$49,175,417	\$55,512,919	\$52,000,000	\$55,000,000
	24.5%	13.2%	12.9%	-6.3%	5.8%

Source: GSF: Unclaimed funds reported

Legal Basis: ORC 169.05; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: The Unclaimed Funds line item pays claims from unclaimed funds held by the state pursuant to Chapter 169 of the Revised Code.

5F1 800-635 Small Government Fire Departments

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$180,491	\$0	\$250,000	\$250,000	\$250,000
	N/A	-100.0%	N/A	0.0%	0.0%

Source: GSF: repayments of zero percent interest loans made to small governments

Legal Basis: ORC 3737.17; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: The moneys are used to make loans to small governments for up to 95% of the cost of firefighter equipment or the construction or renovation of fire department buildings.

Federal Special Revenue Fund Group

348 800-622 Underground Storage Tanks

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$194,554	\$193,937	\$193,900	\$195,008	\$195,008	\$195,008
	-0.3%	0.0%	0.6%	0.0%	0.0%

Source: FED: CFDA 66.804, State Underground Storage Tanks Program.

Legal Basis: ORC 3737.02(B)

Purpose: These funds are used for the regulation of underground storage tanks, including the permitting of installation, removal, upgrade or major repair. In addition, the program monitors leaking underground tank sites. A federally mandated program, this is administered by the Bureau of Underground Storage Tank Registration (BUSTR) in the office of the State Fire Marshal. A 25% match is maintained in State Special Revenue line item 800-629.

348 800-624 Leaking Underground Storage Tanks

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,285,423	\$1,317,395	\$1,325,340	\$1,850,000	\$1,850,000	\$1,850,000
	2.5%	0.6%	39.6%	0.0%	0.0%

Source: FED: CFDA 66.805, Leaking Underground Storage Tanks Trust Fund Program

Legal Basis: ORC 3737.02(B)

Purpose: These funds are used to evaluate and clean up leaking underground storage tanks containing petroleum. A 10% state match is maintained in State Special Revenue line item 800-629, UST Registration/Permit Fee.

349 800-626 OSHA Enforcement

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,412,598	\$1,401,951	\$1,510,685	\$1,604,142	\$0	\$0
	-0.8%	7.8%	6.2%	-100.0%	N/A

Source: FED: Occupational Safety and Health Administration; CFDA 17.504, OSHA Consultation Agreements

Legal Basis: Discontinued line item (originally established by Section 29 of Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: These funds supported the On-Site consultation program, which provides small, private employers with services relating to work place safety and health. These employers are of a high-hazard nature and vary in size, with a target of no more than 250 employees. For FY 2006-2007, the Executive recommends transferring the program to the Bureau of Workers' Compensation.

State Special Revenue Fund Group

4B2 800-631 Real Estate Appraisal Recovery

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$10,000	\$0	\$60,000	\$35,000	\$35,000
	N/A	-100.0%	N/A	-41.7%	0.0%

Source: SSR: Assessments against certificate holders (assessments may be made so that the account maintains a balance of at least \$500,000.)

Legal Basis: ORC 4763.16

Purpose: This fund pays claims against real estate appraisers certified by the Ohio Real Estate Appraiser Board. The account may not be used to pay punitive damages. For FY 2006, the Executive recommends a transfer of \$250,000 from this fund to the Real Estate Operating Fund (Fund 549) to bolster the balance available in that fund.

4H9 800-608 Cemeteries

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$254,988	\$251,266	\$239,891	\$273,465	\$273,465	\$273,465
	-1.5%	-4.5%	14.0%	0.0%	0.0%

Source: SSR: Fees from cemetery registrations and burial permits

Legal Basis: ORC 4767.03

Purpose: The funds are used to support the registration of cemeteries, enforcement of cemetery laws, and the administration of the Cemetery Dispute Resolution Commission.

4L5 800-609 Fireworks Training & Education

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$10,490	\$230	\$3,815	\$5,000	\$0	\$0
	-97.8%	1558.7%	31.1%	-100.0%	N/A

Source: SSR: Assessments on fireworks manufacturers and wholesalers

Legal Basis: ORC 3743.57

Purpose: These funds are used for training and educating fireworks manufacturers, wholesalers, and employees of the State Fire Marshal on matters related to pyrotechnics. For FY 2006-2007, the Executive recommends closing this fund and transferring the remaining balance of about \$5,964 to the State Fire Marshal Fund (Fund 546).

4X2 800-619 Financial Institutions

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,820,089	\$1,556,663	\$1,391,419	\$2,200,843	\$2,200,843	\$2,200,843
	-14.5%	-10.6%	58.2%	0.0%	0.0%

Source: SSR: Assessments upon sections within the Division of Financial Institutions, prorated according to gross payroll of each section

Legal Basis: ORC 121.08(C)(1)

Purpose: This fund provides centralized division administrative support to the sections within the Division of Financial Institutions as listed above. The five sections are: Banks, Savings Institutions, Credit Unions, Savings Banks, and Consumer Finance.

544 800-612 Banks

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$5,479,110	\$5,448,545	\$5,780,933	\$6,657,997	\$6,757,197	\$6,759,197
	-0.6%	6.1%	15.2%	1.5%	0.0%

Source: SSR: Application and examination fees paid by state chartered banks, plus an assessment charged to all banks subject to examination by the division; and money transmitter fees

Legal Basis: ORC 1121.30; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds pay operating expenses that are incurred from regulating the banking industry in Ohio. Am. Sub. H.B. 95 of the 125th G.A. allows the Director of Budget and Management to transfer up to \$2 million to the GRF.

545 800-613 Savings Institutions

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,575,319	\$2,711,672	\$2,328,273	\$2,894,330	\$2,678,248	\$2,669,774
	5.3%	-14.1%	24.3%	-7.5%	-0.3%

Source: SSR: Fees are assessed based on the cost of regulating savings and loans and savings banks. Fees assessed on savings and loans are based upon their total assets.

Legal Basis: ORC 1155.13

Purpose: These appropriations are used to support the costs associated with regulating savings and loans and savings institutions.

546 800-610 Fire Marshal

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$13,650,948	\$12,043,907	\$12,665,345	\$13,259,480	\$12,187,994	\$12,292,994
	-11.8%	5.2%	4.7%	-8.1%	0.9%

Source: SSR: Taxes from insurance companies selling fire insurance in Ohio (0.75% of the gross premium receipts received from the sale of fire insurance); 20% of "reciprocity" revenues (reciprocity revenues are collected and deposited in the GRF from out-of-state insurance companies that sell fire insurance in Ohio); revenue from inspection fees, hotel permits, and fireworks licenses

Legal Basis: ORC 3737.71; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds maintain and administer the Office of the State Fire Marshal, including the Ohio Fire Academy. Am. Sub. H.B. 95 allows the Director of Budget and Management to transfer up to \$10 million to the GRF.

546 800-639 Fire Department Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$0	\$0	\$1,647,140	\$1,647,140
	N/A	N/A	N/A	N/A	0.0%

Source: SSR: Loan repayments and cash transfers from Fund 546

Legal Basis: Proposed in the Main Operating Appropriations Bill of the 126th G.A.

Purpose: This line item is used to provide grants and no-interest loans to local fire departments to offset the cost of training and equipment.

547 800-603 Real Estate Education/Research

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$166,689	\$183,515	\$85,991	\$250,000	\$250,000	\$250,000
	10.1%	-53.1%	190.7%	0.0%	0.0%

Source: SSR: \$4 from each real estate broker's and salesperson's examination, application and licensing fee

Legal Basis: ORC 4735.06

Purpose: This line item is used to advance education and research in real estate by contracting with higher education institutions in the state to conduct real estate research. It also advances loans not exceeding \$800 to applicants for salesperson's licenses to help defray the education requirement costs of ORC 4735.09.

548 800-611 Real Estate Recovery

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$10,000	\$20,000	\$100,000	\$50,000	\$50,000
	N/A	100.0%	400.0%	-50.0%	0.0%

Source: SSR: Interest earned by the Division of Real Estate and fines assessed against licensees by the Ohio Real Estate Commission for violations of license law

Legal Basis: ORC 4735.12

Purpose: These funds are used to reimburse any person (except a bonding company when it is not a principal in a real estate transaction) who obtains a court judgment against any broker or salesperson licensed under ORC 4735. For FY 2006, the Executive recommends a transfer of \$200,000 from this fund to the Real Estate Operating Fund (Fund 549) to bolster the balance available in that fund.

549 800-614 Real Estate

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,798,339	\$3,015,799	\$3,077,353	\$3,535,892	\$3,605,892	\$3,605,892
	7.8%	2.0%	14.9%	2.0%	0.0%

Source: SSR: License and other fees charged to real estate brokers and salespersons (the amount appropriated to the Real Estate Education and Research line item 800-603, is excluded)

Legal Basis: ORC 4735.211; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: These funds pay for costs related to regulating the real estate industry. Am. Sub. H.B. 95 of the 125th G.A. also permits the Director of Budget and Management to transfer up to \$1 million to the GRF. For FY 2006, the Executive recommends a transfer from two other funds: 1) \$250,000 from the Real Estate Recovery Fund (Fund 549) and 2) \$200,000 from the Real Estate Appraiser Recovery Fund (Fund 4B2) to offset the impact of the previous transfer out.

550 800-617 Securities

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,715,158	\$3,864,918	\$3,728,148	\$4,800,000	\$4,300,000	\$4,400,000
	4.0%	-3.5%	28.8%	-10.4%	2.3%

Source: SSR: Fees collected under ORC 1707 associated with the regulation of securities

Legal Basis: ORC 1707.37

Purpose: These funds provide for the operation of the Division of Securities. If moneys in Fund 550 are determined by the director of Budget and Management and the director of Commerce to be in excess of those necessary to defray all the expenses in any fiscal year, the excess is transferred to the GRF.

552 800-604 Credit Union

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,255,632	\$2,261,608	\$2,414,107	\$2,751,852	\$2,936,852	\$2,941,852
	0.3%	6.7%	14.0%	6.7%	0.2%

Source: SSR: A semi-annual assessment (February and July) on the gross assets of credit unions, with total assessment in any year determined by the division's appropriation for that year

Legal Basis: ORC 1733.321

Purpose: These funds pay for the regulatory and administrative costs incurred as a result of regulating state-chartered credit unions.

553 800-607 Consumer Finance

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$2,070,555	\$2,442,459	\$3,171,714	\$3,735,445	\$4,300,445	\$4,300,445
	18.0%	29.9%	17.8%	15.1%	0.0%

Source: SSR: Investigation and annual license or registration fees charged to consumer loan companies, pawnbrokers, precious metals dealers, check-cashing businesses, mortgage brokers, and credit service organizations

Legal Basis: ORC 1321.21

Purpose: These funds pay for the costs associated with regulating consumer finance industries. One-half of the fees collected from pawnbrokers and precious metal dealers are returned to the local government in which they reside.

556 800-615 Industrial Compliance

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$21,360,130	\$21,215,004	\$21,430,177	\$25,037,361	\$25,037,257	\$25,037,257
	-0.7%	1.0%	16.8%	0.0%	0.0%

Source: SSR: Fee revenues from building and construction plan review, and the testing, certification, or licensing of bedding and upholstered products, plumbing, electrical and structural systems, boilers, and elevators

Legal Basis: ORC 121.084; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line item is used to pay for the costs associated with regulating individuals and companies who build, modify, and maintain structures and building systems within Ohio. This item also provides administrative support for the Board of Building Standards, Board of Building Appeals, Ohio Construction Industry Examining Board, and the Ski Tramway Board. It is also used to register roller rinks. Am. Sub. H.B. 95 of the 125th G.A. also permits the Director of OBM to transfer up to \$1 million to the GRF.

5B8 800-628 Auctioneers

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$50,028	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: SSR: Licensing fees collected from auctioneers

Legal Basis: Discontinued line item (originally established in ORC 4707.05)

Purpose: Formerly, this item paid for the operating expenses related to regulating the auctioneer industry. The regulation of the auctioneer industry was transferred from the Department of Commerce to the Department of Agriculture in Am. Sub. H.B. 94 of the 124th G.A.

5B9 800-632 PI & Security Guard Provider

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$1,027,676	\$1,002,241	\$990,889	\$0	\$0	\$0
	-2.5%	-1.1%	-100.0%	N/A	N/A

Source: SSR: Licensing fees collected from private investigators and security guard providers

Legal Basis: ORC 4749.07

Purpose: This line item pays for the costs associated with regulating this industry.

5K7 800-621 Penalty Enforcement

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$5,131	\$29,459	\$50,000	\$50,000	\$50,000
	N/A	474.1%	69.7%	0.0%	0.0%

Source: SSR: Fines resulting from violations of Ohio's labor and wage and hour laws

Legal Basis: ORC 4115.10; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This fund receives penalty income from violations of Ohio's labor and wage and hour violations.

653 800-629 UST Registration/Permit Fee

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$900,403	\$1,068,093	\$1,150,825	\$1,249,632	\$1,249,632	\$1,249,632
	18.6%	7.7%	8.6%	0.0%	0.0%

Source: SSR: Underground storage tank registration fees

Legal Basis: ORC 3737.02 and 3737.88

Purpose: This fund provides for underground storage tank regulation, maintaining and administering the Bureau of Underground Storage Tank Registration (BUSTR); the 10 percent required state match for federal line item 800-624, Leaking Underground Storage Tanks; and the 25% required state match for line item 800-622, Underground Storage Tanks.

6A4 800-630 Real Estate Appraiser-Operating

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$506,065	\$521,369	\$529,262	\$664,006	\$664,006	\$664,006
	3.0%	1.5%	25.5%	0.0%	0.0%

Source: SSR: Fees from the certification and licensing of real estate appraisers

Legal Basis: ORC 4763.15

Purpose: This line item is used to pay enforcement, administrative and operating costs of the Real Estate Appraiser Board.

Liquor Control Fund Group

043 800-321 Liquor Control Operating

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$701,490	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: LCF: Revenue from the sale of spirituous liquor to agency stores and wholesale customers

Legal Basis: Discontinued line item (originally established in ORC 4301.12)

Purpose: This line item paid for personal services, maintenance and equipment costs associated with the Division of Liquor Control's day-to-day operations. The line item is discontinued, replaced instead by 800-627, Liquor Control Operating. This is an accounting designation that more closely resembles the intended purpose of the line item.

043 800-601 Merchandising

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$313,164,919	\$335,330,014	\$351,560,667	\$353,892,432	\$382,595,409	\$397,839,347
	7.1%	4.8%	0.7%	8.1%	4.0%

Source: LCF: Revenue from the sale of spirituous liquor to agency stores and wholesale customers

Legal Basis: ORC 4301.12; Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line item pays for the Division of Liquor Control's liquor purchases, commissions paid to wholesalers and retailers, and shipping costs. Temporary law allows for increased appropriation if liquor sales revenue exceeds the amounts appropriated.

043 800-627 Liquor Control Operating

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$13,195,027	\$13,865,808	\$13,630,760	\$17,960,686	\$16,873,183	\$15,981,346
	5.1%	-1.7%	31.8%	-6.1%	-5.3%

Source: LCF: Revenue from the sale of spirituous liquor to retail and wholesale customers

Legal Basis: ORC 4301

Purpose: This line item funds the operating expenses associated with the Division of Liquor Control.

043 800-633 Development Assistance Debt Service

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$15,993,211	\$16,069,417	\$21,229,598	\$29,029,500	\$32,158,300	\$39,230,000
	0.5%	32.1%	36.7%	10.8%	22.0%

Source: LCF: Revenue from the sale of spirituous liquor to retail and wholesale customers

Legal Basis: Section 29 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line item funds the debt service payments on bonds issued to support the Department of Development's Chapter 166 loan program. Previously, these debt service payments were made from Fund 043 without an appropriation.

043 800-636 Revitalization Debt Service

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$3,423,009	\$1,182,282	\$9,736,300	\$9,740,500	\$13,485,800
	N/A	-65.5%	723.5%	0.0%	38.5%

Source: LCF: Revenue from the sale of spirituous liquor to retail and wholesale customers

Legal Basis: Section 29 of Am. Sub. H.B. 95 of the 125th G.A. (authorized by Article VIII, Section 2o, of the Ohio Constitution)

Purpose: This line item funds the debt service payments on bonds issued under Chapter 151 of the Revised Code associated with the urban revitalization component of the Clean Ohio bond program.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
COM Commerce, Department of								
GRF	800-402	Grants-Volunteer Fire Departments	\$ 622,035	\$609,076	\$ 0	-100.0%	\$ 0	N/A
GRF	800-410	Labor and Worker Safety	\$ 3,315,130	\$3,501,537	\$ 2,086,477	-40.4%	\$ 2,032,397	-2.6%
General Revenue Fund Total			\$ 3,937,165	\$ 4,110,613	\$ 2,086,477	-49.2%	\$ 2,032,397	-2.6%
163	800-620	Division of Administration	\$ 4,013,146	\$4,468,821	\$ 4,262,314	-4.6%	\$ 4,368,037	2.5%
163	800-637	Information Technology	\$ 1,953,654	\$2,772,924	\$ 2,733,853	-1.4%	\$ 2,785,045	1.9%
543	800-602	Unclaimed Funds-Operating	\$ 13,698,709	\$7,051,051	\$ 7,351,051	4.3%	\$ 7,351,051	0.0%
543	800-625	Unclaimed Funds-Claims	\$ 49,175,417	\$55,512,919	\$ 52,000,000	-6.3%	\$ 55,000,000	5.8%
5F1	800-635	Small Government Fire Departments	\$ 0	\$250,000	\$ 250,000	0.0%	\$ 250,000	0.0%
General Services Fund Group Total			\$ 68,840,926	\$ 70,055,715	\$ 66,597,218	-4.9%	\$ 69,754,133	4.7%
348	800-622	Underground Storage Tanks	\$ 193,900	\$195,008	\$ 195,008	0.0%	\$ 195,008	0.0%
348	800-624	Leaking Underground Storage Tanks	\$ 1,325,340	\$1,850,000	\$ 1,850,000	0.0%	\$ 1,850,000	0.0%
349	800-626	OSHA Enforcement	\$ 1,510,685	\$1,604,142	\$ 0	-100.0%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 3,029,925	\$ 3,649,150	\$ 2,045,008	-44.0%	\$ 2,045,008	0.0%
4B2	800-631	Real Estate Appraisal Recovery	\$ 0	\$60,000	\$ 35,000	-41.7%	\$ 35,000	0.0%
4H9	800-608	Cemeteries	\$ 239,891	\$273,465	\$ 273,465	0.0%	\$ 273,465	0.0%
4L5	800-609	Fireworks Training & Education	\$ 3,815	\$5,000	\$ 0	-100.0%	\$ 0	N/A
4X2	800-619	Financial Institutions	\$ 1,391,419	\$2,200,843	\$ 2,200,843	0.0%	\$ 2,200,843	0.0%
544	800-612	Banks	\$ 5,780,933	\$6,657,997	\$ 6,757,197	1.5%	\$ 6,759,197	0.0%
545	800-613	Savings Institutions	\$ 2,328,273	\$2,894,330	\$ 2,678,248	-7.5%	\$ 2,669,774	-0.3%
546	800-610	Fire Marshal	\$ 12,665,345	\$13,259,480	\$ 12,187,994	-8.1%	\$ 12,292,994	0.9%
546	800-639	Fire Department Grants	---	\$0	\$ 1,647,140	N/A	\$ 1,647,140	0.0%
547	800-603	Real Estate Education/Research	\$ 85,991	\$250,000	\$ 250,000	0.0%	\$ 250,000	0.0%
548	800-611	Real Estate Recovery	\$ 20,000	\$100,000	\$ 50,000	-50.0%	\$ 50,000	0.0%
549	800-614	Real Estate	\$ 3,077,353	\$3,535,892	\$ 3,605,892	2.0%	\$ 3,605,892	0.0%
550	800-617	Securities	\$ 3,728,148	\$4,800,000	\$ 4,300,000	-10.4%	\$ 4,400,000	2.3%
552	800-604	Credit Union	\$ 2,414,107	\$2,751,852	\$ 2,936,852	6.7%	\$ 2,941,852	0.2%
553	800-607	Consumer Finance	\$ 3,171,714	\$3,735,445	\$ 4,300,445	15.1%	\$ 4,300,445	0.0%

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
COM Commerce, Department of								
556	800-615	Industrial Compliance	\$ 21,430,177	\$25,037,361	\$ 25,037,257	0.0%	\$ 25,037,257	0.0%
5B9	800-632	PI & Security Guard Provider	\$ 990,889	\$0	\$ 0	N/A	\$ 0	N/A
5K7	800-621	Penalty Enforcement	\$ 29,459	\$50,000	\$ 50,000	0.0%	\$ 50,000	0.0%
653	800-629	UST Registration/Permit Fee	\$ 1,150,825	\$1,249,632	\$ 1,249,632	0.0%	\$ 1,249,632	0.0%
6A4	800-630	Real Estate Appraiser-Operating	\$ 529,262	\$664,006	\$ 664,006	0.0%	\$ 664,006	0.0%
State Special Revenue Fund Group Total			\$ 59,037,601	\$ 67,525,303	\$ 68,223,971	1.0%	\$ 68,427,497	0.3%
043	800-601	Merchandising	\$ 351,560,667	\$353,892,432	\$ 382,595,409	8.1%	\$ 397,839,347	4.0%
043	800-627	Liquor Control Operating	\$ 13,630,760	\$17,960,686	\$ 16,873,183	-6.1%	\$ 15,981,346	-5.3%
043	800-633	Development Assistance Debt Service	\$ 21,229,598	\$29,029,500	\$ 32,158,300	10.8%	\$ 39,230,000	22.0%
043	800-636	Revitalization Debt Service	\$ 1,182,282	\$9,736,300	\$ 9,740,500	0.0%	\$ 13,485,800	38.5%
Liquor Control Fund Group Total			\$ 387,603,307	\$ 410,618,918	\$ 441,367,392	7.5%	\$ 466,536,493	5.7%
Total All Budget Fund Groups			\$ 522,448,924	\$ 555,959,699	\$ 580,320,066	4.4%	\$ 608,795,528	4.9%