LSC Redbook

Analysis of the Executive Budget Proposal

Department of Commerce

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April 2011

READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Department of Commerce (COM), which includes the following three sections.

1. Overview: Provides a brief description of the Department and an overview of the provisions of the executive budget that affect the Department, including operational reorganization and various cash transfer arrangements.
2. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for the Department, including funding for each appropriation line item. The line items for the Department are organized into seven categories.
3. Attachments: Includes the Catalog of Budget Line Items (COBLI) for the Department, which briefly describes each line item, accompanied by the LSC budget spreadsheet for the Department.

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Catalog of Budget Line Items
Budget Spreadsheet By Line Item

- Recommended budget of $729.7 million in FY 2012 and $178.5 million in FY 2013
- Transfer of state's liquor enterprise to JobsOhio dramatically reduces FY 2013 recommended budget
- Lower amounts of unclaimed funds transferred to the GRF compared to FY 2010-FY 2011 biennium
- Prevailing wage thresholds increased substantially

Department of Commerce

OVERVIEW

Agency Overview

The Department of Commerce (COM) is a multi-functional regulatory agency that performs a wide array of regulatory duties. The Department is organized into seven operating divisions that (1) regulate state-chartered financial institutions, (2) supervise the Ohio securities market, (3) provide plan review, construction site services, and regulatory services to ensure the safety of systems such as elevators and boilers and enforce Ohio's wage and hour laws, (4) control the manufacture, distribution, and sale of all alcoholic beverages in the state, (5) license individuals in the real estate industry, and register foreign real estate property, (6) investigate the cause and origin of fires and explosions, analyze fire-related criminal evidence, train firefighters, and enforce the Ohio Fire Code, and (7) oversee the safekeeping and return of unclaimed funds. An eighth division provides leadership, direction, and support to the operating divisions.

The Department operates with no General Revenue Fund (GRF) moneys. Instead, most programs are funded primarily by fees and charges on the industries that the Department regulates. Additionally, COM regularly transfers profits and excess cash balances from several of its programs to the GRF and other state agencies. Overall, the Department currently has about 770 full-time permanent employees.

Appropriation Overview

The executive recommends FY 2012 appropriations of $729.7 million, a decrease of $37.9 million, or 4.9%, compared to estimated FY 2011 spending of $767.6 million. Recommended FY 2013 appropriations are $178.5 million, or 75.5% below FY 2012 appropriations. The decrease in recommended funding for FY 2012 is attributable to reduced appropriation levels for spirituous liquor merchandise and unclaimed funds claims as well as federal stimulus funding for leaking underground storage tank remediation running out after FY 2011. The FY 2013 budget is substantially lower than FY 2012 due to the Governor's proposal to transfer the state's liquor enterprise to JobsOhio. Table 1 below summarizes COM's appropriations by budget fund group, comparing FY 2011 estimates to the executive budget for FY 2012 and FY 2013.

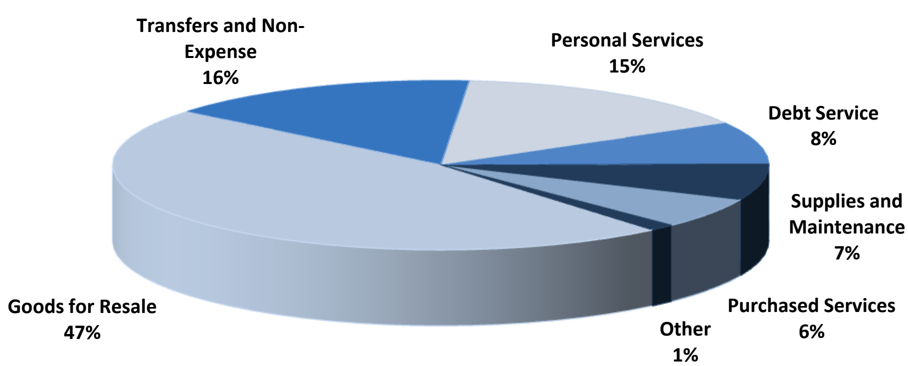
Table 1. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013					
Fund Group	**FY 2011***	**FY 2012**	**% change, FY 2011-FY 2012**	**FY 2013**	**% change, FY 2012-FY 2013**
General Services	$106,507,779	$91,141,336	(14.4%)	$91,281,751	0.2%
Federal Special Revenue	$8,114,786	$2,685,729	(66.9%)	$2,685,729	0.0%
State Special Revenue	$77,492,794	$77,180,045	(0.4%)	$74,469,262	(3.5%)
Liquor Control	$575,519,423	$558,710,548	(2.9%)	$10,110,479	(98.2%)
TOTAL	**$767,634,782**	**$729,717,658**	**(4.9%)**	**$178,547,221**	**(75.5%)**

*FY 2011 figures represent estimated spending.

Budget by Expense Category

Chart 1 below illustrates the Department of Commerce's budget by category of expense. The purchase of spirituous liquor merchandise for resale in FY 2012 comprises 47% of the agency's $908.3 million biennial budget. Payroll and fringe benefits and unclaimed funds payments (in the Transfers and Non-Expense category) each make up around 15.5% while debt service payments for economic development and environmental clean-up bonds in FY 2012 account for 8.0%. Expenses for supplies and fixed maintenance costs amount to 7% while purchased services comprise 6% of the budget. Other expenses, such as those for equipment and various subsidies and shared revenue, amount to only 1% of COM's biennial budget.

Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2012-FY 2013



Several factors will modify agency payroll costs statewide in the upcoming biennium. Lowering costs will be an executive budget proposal to shift 2% of employer-paid pension costs to employees. Increasing costs will be the resumption of step increases and the discontinuation of cost savings days as well as the 32-hour pay supplement and a 27th pay period that are scheduled to occur in FY 2012. In a number of COM programs or line items, this leads to FY 2013 appropriations or allocations being less than those for FY 2012.

Budget by Functional Category

Funding for Liquor Control, including the purchase of spirituous liquor merchandise and debt service on bonds backed by liquor profits, makes up $568.8 million (62.6%) of the proposed spending in COM's budget for FY 2012-FY 2013, even after accounting for the transfer of the state's liquor enterprise to JobsOhio. The Unclaimed Funds Program accounts for $155.2 million (17.1%) of the budget. The remaining $184.3 million over the biennium (approximately 20.3%) will be used to support COM's other various regulatory programs. These funding allocations are shown in Table 2 below.

Table 2. FY 2012-FY 2013 Budget by Functional Category (in millions)

Functional Category	FY 2011	FY 2012	FY 2013	Biennium Total	% Total of Budget
Liquor Control	$575.5	$558.7	$10.1	$568.8	62.6%
Unclaimed Funds	$84.9	$77.5	$77.6	$155.2	17.1%
Industrial Compliance and Labor	$28.4	$27.6	$27.7	$55.3	6.1%
Financial Institutions and Securities	$25.9	$24.4	$23.2	$47.6	5.2%
State Fire Marshal	$26.9	$23.2	$21.8	$45.0	5.0%
Administration	$21.3	$13.6	$13.7	$27.3	3.0%
Real Estate & Prof. Licensing	$4.7	$4.6	$4.4	$9.0	1.0%
Total	**$767.6**	**$729.7**	**$178.5**	**$908.3**	**100%**

Note: Individual amounts may not add to totals due to rounding.

Major Features of the Budget

Transfer of Liquor Enterprise to JobsOhio

The Governor proposes to transfer the exclusive right to manage and control spirituous liquor distribution and sales and to sell spirituous liquor in the state to JobsOhio, the nonprofit corporation created in H.B. 1 of the 129th General Assembly to spur the state's job creation efforts. Under this plan, JobsOhio will use the proceeds of liquor profits to provide an ongoing source of funding for its programs and operations. As a result of the transfer, COM's budget decreases dramatically in FY 2013, as no appropriations will be needed for the purchase of spirituous liquor merchandise for resale in contract liquor agency stores or to pay the debt service on bonds backed by liquor profits.

Potential Lease Proceeds

Under the bill, the transfer of the state's liquor distribution system and sales rights, including inventory, real property rights, equipment, furnishings, monetary management system, warehouses, and contract rights, is referred to as the "enterprise acquisition project." Under the statutory framework authorizing this transaction, the state may transfer to JobsOhio all or a portion of the enterprise acquisition project for a transfer price payable by JobsOhio to the state. The term of the transfer agreement is to last no longer than 25 years. Proceeds of the transfer payment to the state may be used to pay off outstanding economic development and Clean Ohio Revitalization bonds backed by liquor profits, support the GRF, and support certain specified funds used by the Department of Development.

The Governor's proposal envisions the transaction occurring on or around January 1, 2012, with a transfer price of at least $1.2 billion. The final amount, however, has yet to be determined. Of the transfer proceeds, $700 million will be needed to pay off outstanding bonds backed by liquor profits. In addition, $500 million will be provided to the GRF to compensate the state for the loss of liquor profits. In addition, the agreement may also provide for annuity payments to the state beginning in FY 2014. Presumably, JobsOhio, or an appropriate issuing authority on the behalf of JobsOhio, will issue revenue bonds in order to support the upfront payment to the state, though there is no specific provision in the bill indicating as such.

Impact on State Agencies Funded by Liquor Profits

Among other provisions, the bill authorizes the state to retain the statutory authority to distribute and sell liquor and for JobsOhio, the Director of Budget and Management, the Director of Development, and the Director of Commerce to enter into a contract as part of the lease agreement for certain duties and assistance with respect to the operation of the enterprise acquisition project to be provided to JobsOhio by the Division of Liquor Control. This latter provision enables the day-to-day activities of running the liquor enterprise to be contracted back to the Division of Liquor Control using its current workforce.

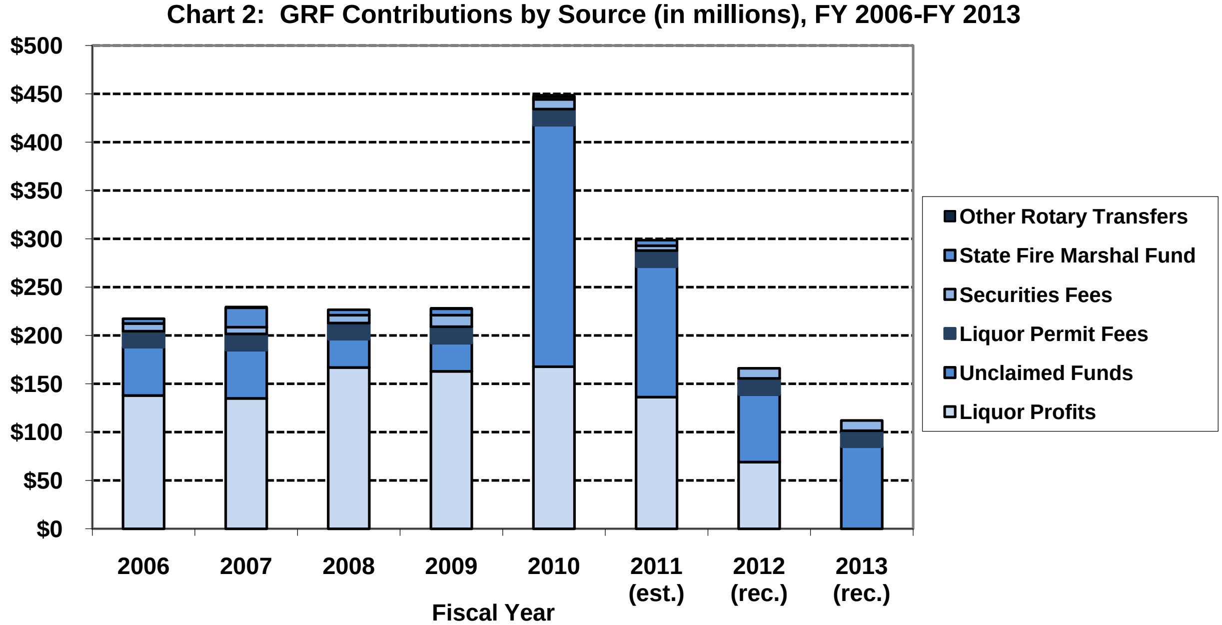
Because the state will no longer reap revenue from the sale of spirituous liquor, the monthly transfers of excess liquor profits to the GRF will cease as of January 2012. The total amount of the transfers for FY 2011 is estimated at $136.3 million though the annual amount has been as high as $167 million in recent years. These changes to the state's liquor distribution system will also change the way the Division of Liquor Control, the Liquor Control Commission, the Liquor Enforcement Unit in the Department of Public Safety, and other state programs that currently receive liquor profits are funded. Instead, these activities will be supported by the GRF. In most cases, the bill provides for transfers from the GRF to the Liquor Control Fund (Fund 7043) to provide the funds for these activities, with the line item appropriations for these various functions remaining within each respective agency.

Cash Transfers to the GRF

The executive budget proposes unclaimed funds transfers to the GRF amounting to $70 million in FY 2012 and $85 million in FY 2013. In total, this is substantially lower than the $385 million of such transfers authorized for the FY 2010-FY 2011 biennium. In addition to unclaimed funds, the executive budget also assumes $69 million in excess liquor profits to be transferred during the first half of FY 2012, the period before the transfer of the state's liquor enterprise system takes place. There are also likely to be transfers from the Division of Securities Fund (Fund 5500) to the GRF in the upcoming biennium in the neighborhood of $10 million per year. These transfers are authorized by statute rather than a particular provision in H.B. 153. In addition, the GRF will also continue to receive a share of the revenue generated from liquor permit fees, as also authorized in permanent law.

From a historical perspective, a substantial amount of the Department's operating revenues have been transferred to the GRF on an annual basis. In most years, the largest source has come from excess liquor profits. As noted above, other sources include legislatively mandated transfers of unclaimed funds, a portion of liquor permit fees, Division of Securities fees that are in excess of what is needed for operations, and funds in the State Fire Marshal Fund. The chart below illustrates these transfers by source over the FY 2006-FY 2013 period.

Chart 2: GRF Contributions by Source (in millions), FY 2006-FY 2013



Prevailing Wage Thresholds

The bill makes a number of changes that scale back the application of the Prevailing Wage Law. For instance, the bill increases the current statutory monetary thresholds for determining when the Prevailing Wage Law applies to public improvements other than roads, sewers, ditches, and other related projects, to $5 million for construction and reconstruction projects. The bill also exempts from the Prevailing Wage Law public improvements undertaken by, or under contract for, state institutions of higher education and prohibits a public authority from applying prevailing wage requirements to a public improvement that is undertaken by, or under contract for, a state institution of higher education, a school district, or an education service center.

The bill excludes from the definition of "public improvement" an improvement that is neither constructed by a public authority nor constructed for the benefit of a public authority, even if the improvement uses or receives financing, grants, or in-kind support from a public authority. The bill repeals a provision of the Prevailing Wage Law that deemed certain projects to be public improvements and required all contractors and subcontractors on those projects to comply with the Prevailing Wage Law. Finally, the bill removes the right of an interested party to sue regarding a violation of the Prevailing Wage Law when the Director of Commerce fails to rule on the merits of an administrative complaint within 60 days after the party files that complaint with the Director.

Overall, the effect that these changes have on public improvement construction costs is difficult to assess. On the one hand, these provisions could lower the cost of a public improvement project falling under the proposed threshold amounts. On the other hand, it may be that any savings in labor costs are put toward expanding the scope of the project.

Analysis of Executive Proposal

Introduction

This section provides an analysis of the Governor's recommended funding for each appropriation item in the Department of Commerce's budget. The line items are grouped into seven major categories, which largely follow the Department's divisional structure. For each category, a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. If the appropriation is earmarked, the earmarks are listed and described. The seven categories used in this analysis are as follows:

1. Liquor Control;
2. Unclaimed Funds;
3. Industrial Compliance and Labor;
4. Financial Institutions and Securities;
5. State Fire Marshal;
6. Administration; and
7. Real Estate and Professional Licensing.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Categorization of COM's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
General Services Fund Group				
1630	800620	Division of Administration	6:	Administration
1630	800637	Information Technology	6:	Administration
5430	800602	Unclaimed Funds – Operating	2:	Unclaimed Funds
5430	800625	Unclaimed Funds – Claims	2:	Unclaimed Funds
5F10	800635	Small Government Fire Departments	5:	State Fire Marshal
Federal Special Revenue Fund Group				
3480	800622	Underground Storage Tanks	5:	State Fire Marshal
3480	800624	Leaking Underground Storage Tanks	5:	State Fire Marshal
State Special Revenue Fund Group				
4B20	800631	Real Estate Appraiser Recovery	7:	Real Estate and Professional Licensing
4H90	800608	Cemeteries	7:	Real Estate and Professional Licensing
4X20	800619	Financial Institutions	4:	Financial Institutions and Securities
5440	800612	Banks	4:	Financial Institutions and Securities
5450	800613	Savings Institutions	4:	Financial Institutions and Securities
5460	800610	Fire Marshal	5:	State Fire Marshal
5470	800603	Real Estate Education/Research	7:	Real Estate and Professional Licensing
5480	800611	Real Estate Recovery	7:	Real Estate and Professional Licensing
5490	800614	Real Estate	7:	Real Estate and Professional Licensing
5500	800617	Securities	4:	Financial Institutions and Securities
5520	800604	Credit Union	4:	Financial Institutions and Securities
5530	800607	Consumer Finance	4:	Financial Institutions and Securities
5560	800615	Industrial Compliance	3:	Industrial Compliance and Labor
5FW0	800616	Financial Literacy Education	4:	Financial Institutions and Securities
5GK0	800609	Securities Investor Education/Enforcement	4:	Financial Institutions and Securities
5HV0	800641	Cigarette Enforcement	5:	State Fire Marshal
5X60	800623	Video Service	6:	Administration
6530	800629	UST Registration/Permit Fee	5:	State Fire Marshal
6A40	800630	Real Estate Appraiser – Operating	7:	Real Estate and Professional Licensing
Liquor Control Fund Group				
7043	800601	Merchandising	1:	Liquor Control
7043	800627	Liquor Control Operating	1:	Liquor Control
7043	800633	Development Assistance Debt Service	1:	Liquor Control
7043	800636	Revitalization Debt Service	1:	Liquor Control

Category 1: Liquor Control

This category of appropriations funds the control of the manufacture, distribution, and sale of all alcoholic beverages in Ohio. The Division of Liquor Control (DOLC) is the state's sole purchaser and distributor of spirituous liquor, defined as intoxicating liquor containing more than 21% alcohol by volume. These line items also pay the debt service on economic development and Clean Ohio Revitalization bonds and provide for the distribution of liquor permit fee revenue. Note that the appropriations within this category are significantly affected by the proposed transfer of the state's liquor distribution system to JobsOhio described in the **Overview**.

Governor's Recommended Funding for Liquor Control				
Fund	ALI and Name		FY 2012	FY 2013
Liquor Control Fund Group				
7043	800601	Merchandising	$472,209,274	$0
7043	800627	Liquor Control Operating	$13,398,274	$10,110,479
7043	800633	Development Assistance Debt Service	$51,973,200	$0
7043	800636	Revitalization Debt Service	$21,129,800	$0
		Liquor Control Fund Group Subtotal	***$558,710,548***	***$10,110,479***
Total Funding: Liquor Control			**$558,710,548**	**$10,110,479**

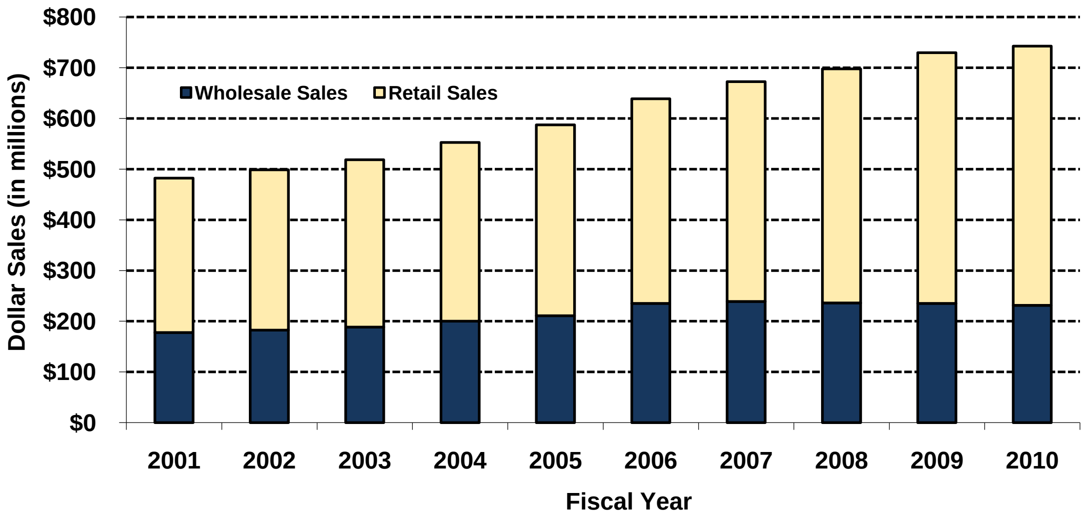
Merchandising (800601)

This line item pays for DOLC's liquor purchases, commissions paid to agency stores, and shipping costs. 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. The executive recommends $472.2 million in FY 2012, a decrease of $16.2 million, or 3.3%, for this line item compared to estimated FY 2011 spending of $488.4 million. The budget bill contains temporary law that provides for increased appropriations for this line item should they be necessary to purchase spirituous liquor in response to demand. The executive recommends no funding for this line item in FY 2013 due to the proposed transfer of the state's liquor enterprise to JobsOhio to provide a revenue stream for the nonprofit's activities. While the target date for this transfer is January 1, 2012 (midway through FY 2012), the amounts represent a full year's appropriation, providing some flexibility in case there is a delay in reaching an agreement.

Liquor Sales Proceeds

Sales of the merchandise purchased with these funds generates a large amount of revenue for the state each year. As Chart 3 below illustrates, net liquor sales reached $742.7 million in FY 2010, after growing consistently over the past ten years. While the average annual growth rate has been 5.0% during this period, the growth rate of spirituous liquor sales tapered off in FY 2010, growing by just 1.7%.

Chart 3: Spirituous Liquor Sales, FY 2001-FY 2010



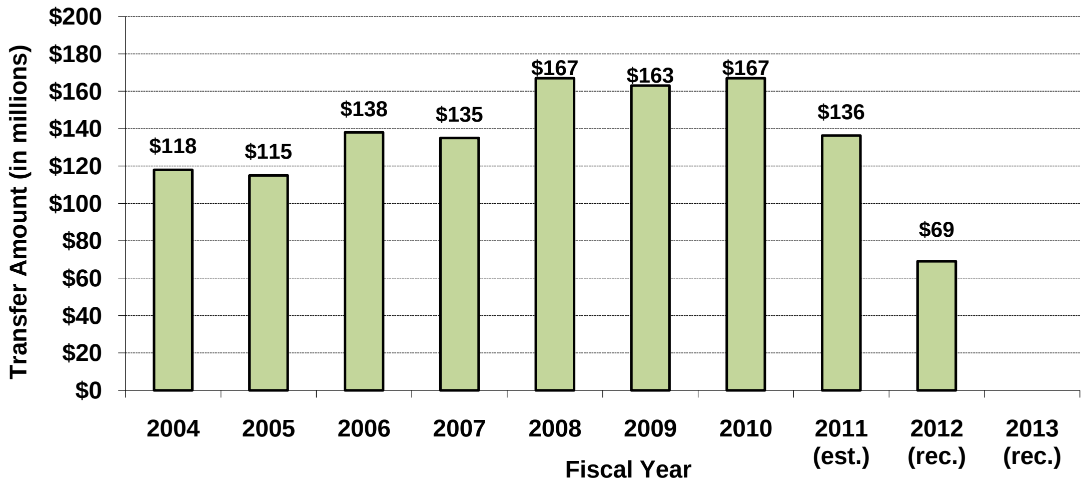
While spirituous liquor sales revenue is used by DOLC to fund its operations, the profits also pay for programs under several other state agencies in addition to the debt service for certain economic development and environmental revitalization bonds. These programs include (1) the Department of Public Safety's Liquor Enforcement Unit, (2) an alcoholism treatment program operated by the Department of Drug and Alcohol Addiction Services, (3) the operating expenses of the Liquor Control Commission, and (4) the Department of Health's alcohol testing program, which trains and certifies law enforcement officials in the operation of alcohol testing devices and regulates various alcohol and drug testing laboratories. Excess profits are transferred to the GRF. Table 3 below lists the amounts apportioned for these purposes in FY 2010.

Table 3. Liquor Sales Revenue Distribution, FY 2010 (in millions)

Program/Fund	Amount
Excess Profits to the GRF	$167.0
Retirement of Economic Development and Clean Ohio Bonds	$50.1
Gallonage Tax to the GRF	$36.6
State Sales Tax to the GRF	$35.1
Department of Public Safety Liquor Enforcement Unit	$10.0
Gallonage Tax to Cuyahoga County for Gateway Stadium Project	$5.1
Department of Alcohol & Drug Addiction Services Alcohol Treatment Program	$4.2
Department of Health Alcohol Testing Program	$1.0
Liquor Control Commission	$0.7
Total	**$309.8**

As the table also shows, the transfers of excess profits to the GRF contributed $167 million to the state's bottom line in FY 2010. The FY 2011 transfer is expected to be $136.3 million, the lower amount being due to increased debt service on bonds backed by liquor profits. Because the executive proposal assumes that the agreement to transfer the state's liquor enterprise system to JobsOhio becomes effective January 1, 2012, midway through FY 2012, the anticipated GRF contribution for next fiscal year is

Chart 4: Transfers of Excess Liquor Profits to GRF, FY 2004-FY 2013



expected to be only $69 million. Chart 4 displays the amount of transfers of excess profits to the GRF from FY 2004 through the FY 2012-FY 2013 biennium.

GRF Transfers

Due to the proposed transfer of the state's liquor enterprise to JobsOhio midway through FY 2012, a provision in the Department of Commerce's budget provides for GRF funding to support the activities of several of the agencies that rely on liquor profits to fund operations once the transfer of the state's liquor enterprise has taken place. This includes the regulatory activities of DOLC. Specifically, the executive proposes to fund DOLC, the Liquor Enforcement Unit, and the Liquor Control Commission expenses for the second half of FY 2012 through transfers of up to $10.6 million from the GRF to the Liquor Control Fund (Fund 7043). For FY 2013, the bill provides for a transfer of up to $21.4 million from the GRF to Fund 7043.

Liquor Control Operating (800627)

This line item funds the operating expenses of the Division of Liquor Control, including the administrative expenses for the 458 contract liquor agency stores and the liquor permit licensing and compliance program. Overall, the Governor recommends $13.4 million for this line item in FY 2012 and $10.1 million in FY 2013, amounts that reflect reduced funding for liquor agency operations and liquor program administration. Table 4 below summarizes how the appropriations are used by program. As noted above, this line item would be funded by transfers from the GRF beginning in the second half of FY 2012. A provision in the budget bill also allows the Liquor Control Fund (Fund 7043) to receive revenue resulting from any contracts the Department of Commerce enters into with JobsOhio pertaining to the responsibilities and operations of the liquor enterprise.

Table 4. Fund 7043, 800627, Liquor Control Operating Program Summary (in millions)			
Program	**FY 2011 Est.**	**FY 2012 Rec.**	**FY 2013 Rec.**
Liquor Permitting and Compliance	$6.2	$5.9	$5.7
Liquor Program Administration	$4.0	$3.8	$2.3
Liquor Agency Operations	$4.0	$3.7	$2.1
Total	**$14.3**	**$13.4**	**$10.1**

Note: Individual amounts may not add to totals due to rounding.

Liquor Permitting and Compliance

The Liquor Permit Licensing Program administers the state's liquor permitting and compliance system. 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 the wet or dry status of the location, the number of permits allowed in a geographic area based on population density and the amount of existing permits or "quotas," prior compliance record by the applicant, and the findings of the Division's investigations. All licenses are renewable on an annual basis. The program also oversees compliance in the manufacture and distribution of beer, wine, and low-proof mixed beverages. The executive recommends $5.9 million in FY 2012 and $5.7 million in FY 2013 for these purposes.

Liquor Program Administration

Liquor Program Administration provides administrative support for the Division's other programs. In addition, the program provides communications and information technology and pays for equipment costs, building rent and utilities, workers' compensation costs, and divisional assessment costs. The executive recommends $3.8 million in FY 2012 and $2.3 million in FY 2013 to cover these expenses. Nearly all of the $1.5 million reduction in the recommendation for FY 2013 comes out of the amount allotted for supplies and maintenance expenses.

Liquor Agency Operations

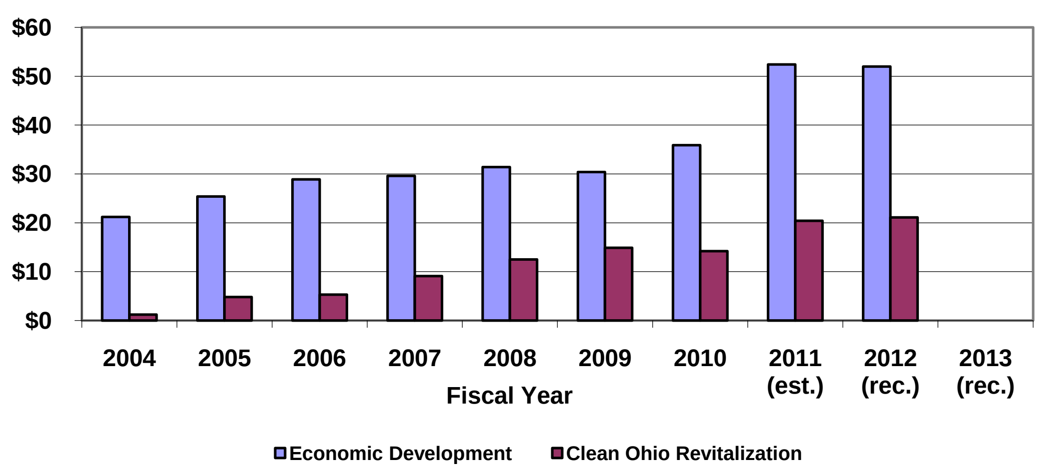
The Liquor Agency Operations Program regulates the sale of spirituous liquor through private businesses, known as contract liquor agencies. The Division contracts with these businesses to serve as its sales agents. This program purchases all of the spirituous liquor made available for resale in the state. This line item pays for the payroll and supplies for liquor agency auditing; bank fees for the Division's account for spirituous liquor sales, merchandise packaging supplies, and other miscellaneous expenses for liquor agency stores; and payroll and supplies related to liquor agency operations accounting, information management, and support services. The executive recommends $3.7 million in FY 2012 and $2.1 million in FY 2013. Nearly all of the reduction in the recommendation for FY 2013 comes out of the amount allotted for supplies and maintenance expenses.

Debt Service Payments (800633 and 800636)

These line items provide debt service payments on bonds issued under the authority of Ohio Revised Code Chapters 151. and 166. to support various economic development and environmental clean-up initiatives that are appropriated in the Department of Development. The costs of debt service are controlled by the bond market and managed by the OBM and the Treasurer of State's Office. In recent years, H.B. 554 of the 127th General Assembly, the Bipartisan Jobs Stimulus Bill, and the renewal of the Clean Ohio bond program have added to the debt supported by liquor profits.

In FY 2011, $52.4 million has been appropriated to retire economic development bonds and $20.4 million to retire Clean Ohio Revitalization bonds. The Governor's recommended debt service appropriations for the economic development loan programs and the Clean Ohio Revitalization Program are $52.0 million and $21.1 million in FY 2012, respectively. The executive recommends no such funding for FY 2013 due to the proposed repayment of outstanding bonds backed by liquor profits using the proceeds received from the transfer fee associated with the lease of the state's liquor enterprise system. Chart 5 below illustrates the liquor profit-backed debt service since FY 2004 as well as estimated FY 2011 spending and recommended appropriations for FY 2011 through FY 2013.

Chart 5: Liquor-Backed Debt Service Payments (in millions)
FY 2004-FY 2013



Category 2: Unclaimed Funds

This category of appropriations provides for the safekeeping and return of moneys designated as "unclaimed." In the meantime, the Division of Unclaimed Funds uses a portion of reported unclaimed funds to support housing loan guarantees. The funds have also been used in recent years to support the operations of other state programs through transfers of unclaimed funds to the GRF.

Governor's Recommended Funding for Unclaimed Funds				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
5430	800602	Unclaimed Funds – Operating	$7,836,107	$7,841,473
5430	800625	Unclaimed Funds – Claims	$69,700,000	$69,800,000
		General Services Fund Group Subtotal	***$77,536,107***	***$77,641,473***
Total Funding: Unclaimed Funds			**$77,536,107**	**$77,641,473**

Unclaimed Funds – Operating (800602)

This line item pays the operating and administrative expenses of the Division of Unclaimed Funds. The Division is comprised of administrative, claims processing, compliance, and accountability sections. During the current biennium, the Division became a part of the Ohio Business Gateway to increase the unclaimed funds program's visibility to Ohio businesses. Using the Ohio Business Gateway allows for businesses to electronically file reports and remit funds into the state's unclaimed funds account using the Automated Clearing House (ACH). While the number of companies reporting through the Ohio Business Gateway has been small thus far, the Division expects that more companies will begin to do so over time.

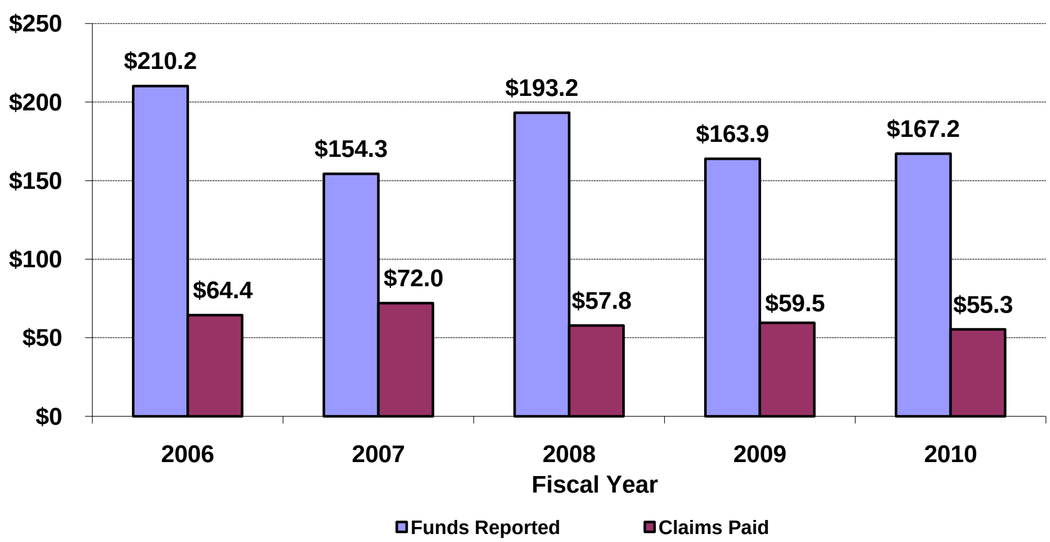
The executive recommends $7.8 million in each fiscal year of the biennium to fund the administrative expenses of the Division. These amounts are about $2.1 million less than the FY 2011 appropriation of $9.9 million, due to the elimination of a fixed fee contract audit program funded in the FY 2010-FY 2011 biennium. The program was meant to increase the number of audits conducted to generate additional amounts of unclaimed funds reported. However, the contractor did not deliver the revenue that was expected and the program has been discontinued.

Unclaimed Funds – Claims (800625)

This line item pays claims from unclaimed funds reported pursuant to Chapter 169. of the Revised Code. The Unclaimed Funds program is responsible for the safekeeping and return of moneys designated as "unclaimed" due to death, inadvertence, or forgetfulness. State law requires that these funds be reported to the state for safekeeping after the owners have left the funds unclaimed for a period of time, typically 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. The program relies on funds from the unclaimed funds custodial account under the Treasurer of State.

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 2010, the program collected $167.2 million and paid 41,992 claims totaling $55.3 million to current or former Ohio residents. Chart 6 below summarizes the unclaimed funds reported and claims paid from FY 2006 to FY 2010. Through the first nine months of FY 2011, the amount of claims paid is running about 3.2% ahead of the same period during FY 2010.

Chart 6: Unclaimed Funds Reported and Claimed (millions)



The executive recommends $69.7 million in FY 2012 and $69.8 million to pay unclaimed funds claims, roughly $5 million lower per year than the FY 2011 appropriation for this purpose. The Governor's proposal reduces the appropriation amounts provided to pay claims to better align with the amounts actually paid in recent years. If additional amounts are necessary to pay claims, the executive proposal includes language appropriating the additional amounts.

The executive budget proposes to transfer unclaimed funds to the GRF in amounts of $70 million in FY 2012 and $85 million in FY 2013. These amounts are lower than the transfers authorized for the current biennium. H.B. 1 of the 128th General Assembly, the main operating budget act for FY 2010-FY 2011, provided for unclaimed funds transfers to the GRF of $250 million and $135 million in FY 2010 and FY 2011, respectively.

Category 3: Industrial Compliance and Labor

This category of appropriations funds the building code development, inspection, plan review, licensing, and permit services related to the commercial and residential construction industry. The Labor and Wage Section (LAWS), which enforces the prevailing wage, minimum wage, and minor labor laws, is also included in this category.

Governor's Recommended Funding for Industrial Compliance and Labor				
Fund	ALI and Name		FY 2012	FY 2013
State Special Revenue Fund Group				
5560	800615	Industrial Compliance	$27,639,372	$27,664,695

Industrial Compliance (800615)

This line item primarily funds building code development, inspection, plan review, licensing, and permit services related to the commercial and residential construction industry. The line item is also the primary funding source for the operations of the Labor and Wage Section (LAWS), which enforces the prevailing wage, minimum wage, and minor labor laws. This line item is supported through fees assessed to the regulated entities. H.B. 1 of the 128th General Assembly, the main operating budget act for FY 2010-FY 2011, increased certain fees associated with elevators and boilers to bolster the revenue of the Labor Operating Fund (Fund 5560). Turning attention to the upcoming biennium, the executive recommends $27.6 million for this line item in FY 2012, a 2.0% decrease from estimated FY 2011 spending of $28.2 million. FY 2013 recommendations are $27.7 million, slightly higher than the amount proposed for FY 2012. Funding levels for the various bureaus and programs under the auspices of the Division of Industrial Compliance and Labor are provided in Table 5 below.

Table 5. Fund 5560, 800615, Industrial Compliance Program Funding Summary (in millions)			
Program	FY 2011 Estimated	FY 2012 Recommended	FY 2013 Recommended
Operations and Maintenance	$9.1	$8.8	$8.4
Division Program Administration	$5.9	$8.2	$8.9
Building Code Compliance	$6.7	$5.9	$5.6
Building Code	$3.2	$2.4	$2.4
Labor and Wage Section	$1.7	$1.2	$1.4
Ohio Construction Industry Licensing Board	$1.6	$1.1	$1.1
Total	**$28.2**	**$27.6**	**$27.7**

Note: Individual amounts may not add to totals due to rounding.

Fluctuations in funding for the programs listed above are primarily the result of various factors that have lowered payroll costs. One major reason for the decrease is a lower number of FTEs needed than originally budgeted for in FY 2010 and FY 2011, part of which is due to an early retirement incentive (ERI) offered in FY 2008 and FY 2009 that has reduced overall payroll costs. Positions vacated through the ERI have either remained vacant or have been replaced at lower salary levels. In addition, the executive proposes a 2% shift in retirement contribution costs from employers to employees, further lowering payroll costs. Factors that may increase payroll costs include the resumption of step increases, the 27th pay period, and the 32-hour pay supplement scheduled for FY 2012. COM indicates that current service levels will be maintained for these programs at these funding levels.

Operations and Maintenance

The Operations and Maintenance Program is responsible for the proper operation and maintenance of critical systems including boilers, elevators, and escalators. The program also performs inspections of bedding and upholstered furniture, licenses and certifies steam engineers and boiler operators, and conducts ski lift inspections and roller rink registrations. In FY 2010, this program performed about 18,200 boiler inspections, 58,100 elevator and escalator inspections, and over 9,000 bedding and upholstered furniture inspections.

The program is funded by fees on bedding items and registration, bedding laboratory analysis, elevator inspection and certification, boiler certification and inspection, and other such fees for steam engineers, historical boilers, roller rinks, and ski lifts. The Operations and Maintenance Program has the largest budget of the Division's programs at $8.8 million in FY 2012 and $8.4 million in FY 2013.

Division Program Administration

Program administration oversees the general management and direction of the Division of Industrial Compliance activities on a daily basis. It is also responsible for the planning and future direction of the Division. The program provides the Division with administrative support through legal counsel, inspector dispatching operations and communications, automated computer programs for task management, and reporting and performance management. These expenses are covered by an administrative charge based on cumulative annual payroll assessed to all boards and sections within the Division. The executive budget proposes $8.2 million in FY 2012 and $8.9 million in FY 2013 for program administration, amounts that are significantly larger than the $5.9 million budgeted for FY 2011. These additional amounts provide the funding necessary to continue a project to automate all of the Division's inspection, permitting, licensing and certification processes, including the provision of mobile devices to tie all field staff electronically to the new system's central dispatching capabilities.

Building Code Compliance

The Building Code Compliance Program, through the Bureau of Construction Compliance, inspects construction plans for all state buildings, commercial buildings, and residential buildings of four or more units not falling under the jurisdiction of a local certified building department to ensure that the structural design, electrical, and plumbing systems meet standards established by the Ohio Building Code. The program is responsible for inspecting buildings, plumbing, electrical wiring, pressure vessels, and pressure piping throughout the state. In FY 2010, the Bureau reviewed over 5,100 sets of architectural plans and performed over 28,000 electrical, structural, and plumbing inspections.

The program is funded by revenue from various fees, such as those for plan examination, pressure piping, and plumbing permits and inspections. However, the Department reports that revenue from plans examination, the main source of funding for the Bureau, has been declining as more local governments around the state establish certified building departments. Further, commercial construction has decreased due to the weak economy, though several major building projects have helped to sustain revenues. The Governor's proposal funds this program at $5.9 million in FY 2012 and $5.6 million in FY 2013.

Building Code

The Building Code Program supports the Board of Building Standards (BBS), which formulates and adopts rules governing building construction and maintenance to ensure building safety. BBS also certifies local building code enforcement departments and houses the Industrialized Unit Section, which regulates factory-built construction components (except for those regulated by the federal Department of Housing and Urban Development). For the upcoming biennium, BBS is evaluating the way building code training and certification is delivered to building departments. Specifically, BBS is looking into online building code training instead of physical class sessions, having state personnel teach some classes instead of hiring a contractor, and combining building and fire code publishing functions.

This program also supports the Board of Building Appeals, which reviews appeals of orders issued by the Department's Bureau of Construction Compliance or a certified city or county building department. The Board of Building Appeals may reverse or modify an order of the enforcing agency (the Division of Industrial Compliance, State Fire Marshal, or the applicable local certified building department) if it is found contrary to a fair interpretation or application of the governing regulations.

The program certifies over 3,300 building department personnel, design professionals, and contractors and reviews more than 660 appeals.

The Board of Building Standards receives funding through a portion of the boiler certificate, elevator certificate, plan review application fees as well as a surcharge on the fee for certified building departments, among other sources. The Board of Building Appeals receives funding through a $200 fee for each building appeal. Total funding for these boards is $2.4 million in each fiscal year.

Labor and Wage Section

The Labor and Wage Section (LAWS) enforces the minimum wage, prevailing wage, and minor labor laws. This section, formerly the Division of Labor and Worker Safety, was merged with the Division of Industrial Compliance via H.B. 1 of the 128th General Assembly, the main operating budget act for FY 2010-FY 2011. LAWS investigates complaints and, upon making determinations, collects back wages and penalties owed to workers. In FY 2010, LAWS completed 1,271 investigations. Currently, there are a number of vacancies within the LAWS program. As a result, the Division of Industrial Compliance and Labor is in the process of investigating the adequate number of investigators and staffing needed for the program. In addition to reviewing the proper level of staffing for the program, the Department is trying to find an adequate revenue stream to fund LAWS operating costs. The Governor recommends $1.2 million in FY 2012 and $1.4 million in FY 2013 for this program.

The executive proposal makes two changes to permanent law regarding how prevailing wage penalties and back wages are handled. The first provision would eliminate the fund, the Penalty Enforcement Fund (Fund 5K70), that currently collects statutory penalties assessed against companies that have violated the prevailing wage law. Instead, these penalties would be deposited into the Labor Operating Fund (Fund 5560). As a result, the executive budget discontinues SSR Fund 5K70 line item 800621, Penalty Enforcement, which is currently used by LAWS to enforce the prevailing wage law. The second provision allows for the Treasurer of State to transfer certain back wages due to workers that are deposited in the prevailing wage custodial fund to the Labor Operating Fund (Fund 5560). In order for funds to be transferred, the Director of Commerce must determine that funds in the prevailing wage custodial fund are not returnable to employees and certify the amount not returnable to the Treasurer of State.

Modifications to the Prevailing Wage Law

The bill increases the current statutory monetary thresholds for determining when the Prevailing Wage Law applies to public improvements other than roads, sewers, ditches, and other related projects, from $50,000 to $5 million for construction on public improvements, and from $15,000 to $5 million for reconstruction. As under current law, these amounts are to be adjusted biennially by the Director of Commerce.

For roads, sewers, ditches, and other related projects, the bill sets the Prevailing Wage Law thresholds at their current, inflation-adjusted levels. The bill also exempts from the Prevailing Wage Law public improvements undertaken by, or under contract for, state institutions of higher education and prohibits a public authority from applying prevailing wage requirements to a public improvement that is undertaken by, or under contract for, a state institution of higher education, a school district, or an education service center.

Next, the bill excludes from the definition of "public improvement" an improvement that is neither constructed by a public authority nor constructed for the benefit of a public authority, even if the improvement uses or receives financing, grants, or in-kind support from a public authority. The bill also repeals a provision of the Prevailing Wage Law that deemed certain projects to be public improvements and required all contractors and subcontractors on those projects to comply with the Prevailing Wage Law. Finally, the bill removes the right of an interested party to sue regarding a violation of the Prevailing Wage Law when the Director of Commerce fails to rule on the merits of an administrative complaint within 60 days after the party files that complaint with the Director. Overall, it is unclear what impact these changes will have on prevailing wage enforcement activities.

Ohio Construction Industry Licensing Board

The Ohio Construction Industry Licensing Board provides for the testing, licensing, and continuing education of electrical; heating, ventilation, and air conditioning (HVAC); hydronic; plumbing; and refrigeration commercial construction contractors. The program oversaw around 19,000 active licenses in the above trades as of the end of FY 2010. The Board is funded by license examination, issuance and renewal fees as well as various continuing education course approval and training provider fees. Proposed funding for the Board is $1.1 million in each fiscal year.

Category 4: Financial Institutions and Securities

This category of appropriations provides oversight of state-chartered banks, credit unions, savings institutions, and various consumer finance organizations through the Division of Financial Institutions (DFI) as well as securities and securities professionals through the Division of Securities. These line items fund programs that ensure the overall safety and soundness of these institutions and individuals and provide education regarding financial literacy, home mortgage lending practices, and securities investing to reduce the number of consumers falling victim to abusive practices.

Governor's Recommended Funding for Financial Institutions				
Fund	ALI and Name		FY 2012	FY 2013
State Special Revenue Fund Group				
4X20	800619	Financial Institutions	$2,186,271	$1,990,693
5440	800612	Banks	$7,242,364	$6,942,336
5450	800613	Savings Institutions	$2,257,220	$2,259,536
5500	800617	Securities	$4,312,434	$4,314,613
5520	800604	Credit Unions	$3,450,390	$3,450,390
5530	800607	Consumer Finance	$3,613,016	$3,516,861
5FW0	800616	Financial Literacy Education	$240,000	$240,000
5GK0	800609	Securities Investor Education/Enforcement	$1,135,000	$485,000
Total Funding: Financial Institutions			**$24,436,695**	**$23,199,429**

Financial Institutions (800619)

This line item provides centralized administrative support to the Division of Financial Institutions' various sections, which include Banks, Credit Unions, Savings Institutions, and Consumer Finance. The executive staff, facilities management, front desk operations, and centralized records retention and administration are all funded out of this line item. This line item's fund, the Financial Institutions Fund (Fund 4X20), receives revenue from quarterly assessments on the Banks Fund (Fund 5440), the Savings Institutions Fund (Fund 5450), the Credit Unions Fund (Fund 5520), and the Consumer Finance Fund (Fund 5530). Quarterly assessments are prorated among these operating funds based on the budgeted headcount for each fund.

The executive recommends just under $2.2 million in FY 2012, a 1.6% decrease from estimated FY 2011 spending of slightly more than $2.2 million. The FY 2013 recommendation of $2.0 million represents a 9.0% decrease from the FY 2012 level. Actual FY 2010 spending in this line item amounted to approximately $1.2 million. Approximately $1.1 million has been spent thus far in FY 2011.

Banks (800612)

This line item funds the regulation of state-chartered banks, trust companies, and money transmitters. The executive recommendation proposes funding of $7.2 million for this line item for FY 2012, a 1.7% decrease from estimated FY 2011 spending of $7.4 million. The FY 2013 recommendation is $6.9 million, 4.1% less than the FY 2012 amount. The vast majority of funding in this line item, about 89%, is programmed toward bank regulation while the balance, about $800,000 per year, funds the regulation of money transmitters. As with other COM divisions and line items, the decrease in funding for this line item is due mostly to factors affecting payroll costs, such as an ERI program offered several years ago as well as executive budget provisions shifting a portion of pension contribution costs from employers to employees. COM indicates that these reductions will not affect operations.

Banks

The Banks Program supervises 93 state-chartered banks. As of December 31, 2009, these institutions had over $132.1 billion in assets. The section does not have jurisdiction over federal thrifts or national banks. The program reviews and approves new bank charters, mergers, branch ventures, and other activities. The program also determines the safety and soundness of each bank and monitors institution adherence to applicable laws and regulations through regular on-site field examinations and off-site surveillance and monitoring. Program's staff coordinate supervisory activities with the applicable federal regulatory agencies, the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC). While Banks Program staff coordinate with their federal counterparts, they also compete with them to maintain bank charters due to the dual regulatory environmental within the financial services industry. DFI reports that this competition has created a problem with retaining or hiring qualified personnel in the last several years, as the federal regulatory agencies have significantly better compensation and benefit packages than the state.

The assets under supervision of the program dramatically increased in September 2009 as a result of the merger of Fifth Third Bank's three charters into one single Ohio charter. Prior to the merger, the bank maintained an Ohio charter, a Michigan charter, and a federal charter, in effect operating as three separately insured banks. With the merger into a single Ohio charter, the assets of Fifth Third under supervision by DFI increased from $65 billion to $112 billion. DFI is now the bank's lead regulator and has the regulatory responsibility for Fifth Third's operations in 12 states and Canada. To fund its increased regulatory responsibilities, DFI obtained an increase in its FY 2010 and FY 2011 appropriations, totaling approximately $1.2 million over the biennium, through the Controlling Board. The additional funds allowed for six additional FTEs to complete necessary examinations and compliance reviews of Fifth

Third's operations in each of these states, approval of new banking offices, and review of and response to consumer complaints arising from the bank's operations.

The Banks Program is primarily funded by an annual assessment charged to state-chartered banks based on total assets as of the end of the prior calendar year. Due to recent cost-savings measures, DFI, with the confirmation of the Banking Commission, was able to reduce the assessment rate by 5% for FY 2011. Application, examination and investigation fees paid by banks also help fund the program. These fees are deposited into the Banks Fund (Fund 5440), the revenue to which was approximately $7.0 million in FY 2010 (including application and license fees paid by money transmitters, which are discussed below). FY 2011 revenue thus far is $6.7 million.

Money Transmitters

The Money Transmitters Program provides for the licensing, supervision, and regulation of the 56 money transmitters operating within the state. The program's funding is derived from annual license fees and investigation fees for money transmitter licenses. The fee for a new money transmitter license is $6,000 while the renewal fee is based on the transmitter's volume of business in this state. In recent years, two additional FTEs have been added to the program to assist with expanded supervisory responsibilities.

Consumer Finance (800607)

This line item pays the costs associated with regulating the consumer finance or nondepository lending industries. A small portion of the line item ($196,748 in FY 2012 and $190,096 in FY 2013) funds the Office of Consumer Affairs, which educates Ohioans on borrowing, refers borrowers to credit counseling services, receives complaints of alleged violations of DFI-administered statutes, contacts the persons that are the subject of the complaint, and forwards possible violations for administrative action. The Office's FY 2012 and FY 2013 budget recommendations are slightly higher than the current FY 2011 budget of $186,939. Overall, the Governor proposes funding for this line item of $3.6 million in FY 2012, a 29.8% decline from estimated FY 2011 spending of $5.1 million, and $3.5 million for FY 2013, a 2.7% decline from FY 2012 recommended funding levels. The proposed funding levels align the Consumer Finance section's budget with the lower levels of revenue received in the last several years.

Entities regulated by the Division of Financial Institutions' Consumer Finance section include check cashing services, short-term lenders, small loan lenders, credit service organizations, insurance premium finance companies, mortgage brokers, loan originators, pawnbrokers, precious metals dealers, and mortgage lenders. The Consumer Finance section performs examinations of these licensees to ensure compliance with statutory requirements and consumer protection, investigates complaints, and brings enforcement actions to address violations. As of the end of FY 2010, this section oversaw around 6,400 active licenses. The table below lists the number of active licenses by license type as of the end of the last four fiscal years.

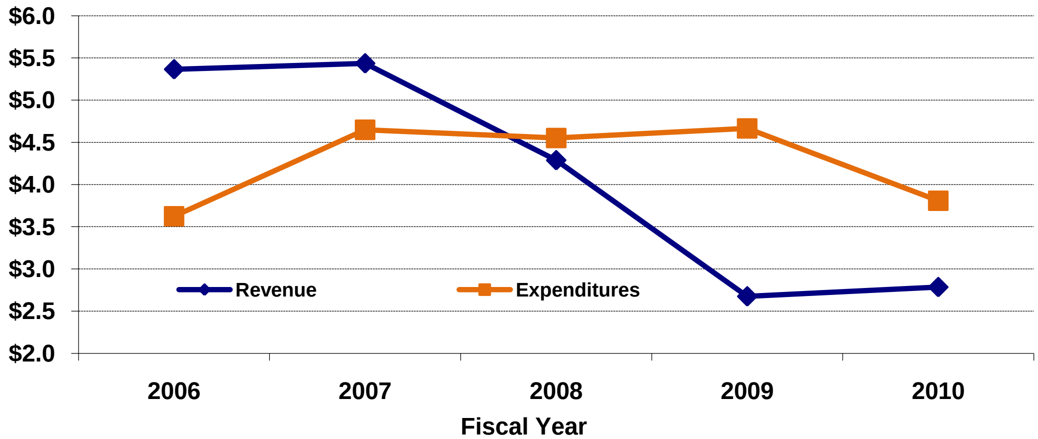
Table 6. Consumer Finance Active Licenses, FY 2007-FY 2010

License Type	FY 2007	FY 2008	FY 2009	FY 2010
Mortgage Broker Act – Loan Originator	7,634	4,337	3,098	2,172
Mortgage Lender	1,903	1,175	1,421	1,555
Check Casher	1,671	1,680	995	1,008
Small Loan Company	47	11	553	510
Mortgage Broker	1,735	1,156	739	461
Pawnbroker	162	166	284	290
Mortgage Broker Act – Mortgage Banker	0	0	0	172
Precious Metal Dealer	18	23	41	106
Insurance Premium Finance Company	54	48	54	45
Credit Service Organization	5	15	20	29
Mortgage Lender Act – Loan Originator	0	0	0	18
Mortgage Broker Act – Credit Union Services Org.	0	0	0	4
Mortgage Lender Act – Credit Union Services Org.	0	0	0	1
Check Casher Lender	1,571	1,577	0	0
Short Term Loan Company	0	0	2	0
Total	**14,800**	**10,188**	**7,207**	**6,371**

As the table shows, the number of licensed individuals has fallen dramatically. This is due to a combination of factors, including (1) increased licensing requirements enacted in S.B. 185 of the 127th General Assembly, (2) elimination of the check-casher lender license by H.B. 545 of the 127th General Assembly, (3) the downturn in housing markets, and (4) implementation of the federal S.A.F.E. Act in H.B. 1 of the 128th General Assembly, which required the licensure and regulation of loan originators working under mortgage brokers and mortgage lenders.

As a result of these changes, revenue to the Consumer Finance Fund (Fund 5530), consisting of license fees on the various consumer finance, nondepository institutions and professions has fallen off sharply in comparison to spending to combat predatory lending and to improve the section's licensing abilities. H.B. 1 of the 128th General Assembly, the main operating budget for FY 2010-FY 2011 included fee increases on mortgage brokers and loan officers, two of the larger licensee categories. As the chart below shows, these fee increases have stabilized revenue to the fund. On the spending side, the program has reduced its staff in recent years and completed a thorough review of all operations, resulting in changes that have reduced the overall cost of the program.

Chart 7. Consumer Finance Fund Revenues and Expenditures (millions)



Securities (800617)

This line item funds the Division of Securities, which regulates the sale of securities in Ohio, licenses securities professionals in Ohio who sell securities and provide advice about investing in securities, and promotes investor education. The Division pursues administrative sanctions against those persons and entities violating the securities laws in Ohio and makes referrals for criminal prosecution. In FY 2010, the Division of Securities reviewed nearly 6,000 securities registration and exemption filings and licensed over 171,000 securities professionals and investment officers. H.R. 4173, the Frank/Dodd Financial Reform Act of 2010, will expand the Division's oversight responsibilities beginning in FY 2012 by requiring the Division to be the primary regulator of Ohio investment advisors having up to $100 million in assets under management.

The executive recommends $4.3 million for this line item in each fiscal year, a decrease of 2.3% compared to estimated FY 2011 spending of $4.4 million. According to COM, the decrease can be absorbed by eliminating two budgeted interns and a proposed administrative assistant position. Ultimately, the recommendations should allow the Division to hire an attorney position to assist with registration file review and a forensic specialist within the Division's enforcement section to add forensic accounting expertise.

The line item's appropriations are supported by revenue from license application and renewal fees for various securities industry professionals and from securities registration and exemption filings. The revenue from fees collected each year are in excess of the total funds required to operate the Division. For example, fee revenue to the Division of Securities Fund (Fund 5500) amounted to $16.2 million in FY 2010. The cash in excess of that needed to defray Division expenses, as determined by the Director of OBM and the Director of Commerce, is transferred to the GRF. In the last several years, these GRF transfers have ranged between $8 million and $12 million annually.

Consent to Service of Process in Connection with Regulation D Exemption Notice Filings (R.C. 1707.11)

A provision in the bill removes a requirement that a person not organized under Ohio law, not licensed as a foreign corporation, or that does not have a principal place of business in Ohio submit a consent to service of process when filing for an exemption for a security offered or sold in reliance on Regulation D of the Securities Act of 1933. According to COM, this change conforms Ohio to the majority of states that have discontinued this requirement. The provision is also aimed at decreasing the regulatory burden on business by reducing the number of forms required.

Waiver of Certain Fees Regarding Securities Investment (R.C. 1707.17)

A provision in the bill also permits the Division of Securities to waive, in part or in whole, certain license, renewal, and notice filing fees for certain professionals involved in securities investment if the waiver is in the public interest and protects securities investors. This provision is intended to provide the Division of Securities the flexibility to waive initial application fees in circumstances where a registrant would be forced to pay a double fee, such as in the case of investment advisor firms switching from registration by the SEC to an Ohio registration. According to OBM, Ohio is currently one of a few states whose statute does not allow the state to waive a fee. As a result of the provision, there may be a minimal loss in revenue to the Division of Securities Fund (Fund 5500).

Credit Unions (800604)

The Credit Unions Program monitors the financial safety and soundness of Ohio's state-chartered credit unions. The supervision and regulation of state-chartered credit unions includes on-site field examinations, off-site surveillance and monitoring, and coordination of supervisory activities with the appropriate federal agency, the National Credit Union Administration. While the program coordinates with its federal counterparts, DFI is also in competition for credit union charters as these institutions have the option to be regulated either by the state or by the federal government. The program supervised and regulated 175 state-chartered credit unions with total aggregated assets of $12.9 billion as of the end of FY 2010. While the number of state-chartered credit unions has declined because of an industry trend of mergers and acquisitions, total assets under supervision has increased, as has the complexity of these institution's operations.

The Governor recommends $3.5 million in each year for this line item, a 4.9% decrease from estimated FY 2011 spending of $3.6 million. The program is funded by a semiannual assessment on the gross assets of credit unions, the revenue from which was nearly $3.5 million in FY 2010.

Credit Union Share Guaranty Corporations (R.C. 1761.04)

A provision in the bill increases the maximum annual fee placed on credit union share guaranty corporations from $5,000 to $50,000. Currently, there is only one such corporation operating in Ohio, American Share Insurance (ASI). Current law requires a credit union share guaranty corporation to pay an annual fee of 0.5% of its guarantee fund each year, up to a maximum of $5,000. Increasing the maximum fee that may be charged is intended to make a credit union share guarantee corporation's assessment more comparable to what credit unions of similar size and complexity pay to the Division, ensuring that other financial institutions are not subsidizing the regulation of these entities.

Savings Institutions (800613)

The Savings Institutions Program is responsible for the supervision and regulation of 26 state-chartered savings and loan associations and 23 state-chartered savings banks. As of December 31, 2009, these institutions had combined assets of approximately $9.9 billion. The program ensures the safety and soundness of these institutions and compliance with the law through regular examinations, surveillance and monitoring along with coordination and enforcement of supervisory actions. As with other regulated depository institutions, DFI is in competition with the federal government to maintain savings and loan association and savings bank charters.

The program is funded by annual assessments of the regulated institutions based on total assets of savings banks and savings and loans. These assessments generated $2.0 million in both FY 2010 and FY 2011. The Governor's proposal recommends $2.3 million each fiscal year for this line item, in line with estimated FY 2011 spending.

Securities Investor Education and Enforcement (800609)

This line item is used to pay the expenses of the Division of Securities relating to education or enforcement for the protection of securities investors and the public. The line item is funded with moneys received in settlement of any violation of the Securities Law. This line item's fund (Fund 5GK0) was seeded with cash transfers of $485,000 annually in FY 2010 and FY 2011 from the Division of Securities Fund (Fund 5500). The Governor's proposal continues these transfers in the same amount for each year of the FY 2012-FY 2013 biennium. The Governor recommends $1.1 million for this line item in FY 2012 and $0.5 million in FY 2013.

These funds will be used to support several IT and training projects. For instance, the Division of Securities will use these funds to transition from paper to electronic filing and recordkeeping in a number of areas of operation, including registration files. Some work on these projects has occurred during the current biennium, with the Division having purchased software and scanners for these purposes. Funding in the upcoming biennium will be used to expand on this work by implementing PDF imaging, word searching capability through optical character recognition (OCR), and the ability to upload digital files to the Division's web site.

Another project will increase the Division's IT capacity to collect and process evidence, which often involves large amounts of electronic and financial data. The Division has begun this project under the current biennium through the purchase of hardware and software, but the funds provided in FY 2012 will complete the necessary upgrades. In order to allow Division staff to properly use these upgraded resources, a portion of the funding in this line item will go toward staff training for the new equipment.

Financial Literacy Education (800616)

This line item is used to support various adult financial literacy education programs. At least half of the programs must be presented by or made available at public community colleges or state institutions of higher education throughout the state. These activities and the status of the Financial Literacy Education Fund (Fund 5FW0) must be summarized in an annual report. The initial funding for these programs was provided through a transfer of 5% of the cash balance (approximately $474,000) of the Consumer Finance Fund (Fund 5530) to Fund 5FW0 in June 2009. In addition to this one-time transfer, Fund SFW0 receives a small amount of ongoing revenue, amounting to 5% of all charges, penalties and forfeitures received by Fund 5530.

In December 2010, the Department announced four recipients of $72,500 in total grant money for various financial literacy education programs. The recipients were Cuyahoga Community College ($12,000), The Ohio State University Extension ($20,577), Stark State College ($18,000), and Terra Community College ($21,923).

The Governor recommends $240,000 for this program in each fiscal year of the FY 2012-FY 2013 biennium. Due to the small amount of cash flow into the fund, these amounts are smaller than the $350,000 appropriation for the program in FY 2011.

Category 5: State Fire Marshal

The appropriations in this category fund the operations of the Office of the State Fire Marshal (SFM), which provides protection to the citizens of Ohio from the dangers of fire and explosions and protect the environment from releases of petroleum from underground storage tanks. The SFM analyzes fire-related criminal evidence, enforces the Ohio Fire Code, investigates the cause and origin of fires and explosions, regulates underground storage tanks, trains firefighters, and provides fire safety education to businesses, industry, and the public.

Governor's Recommended Funding for State Fire Marshal				
Fund	**ALI and Name**		**FY 2012**	**FY 2013**
General Services Fund Group				
5F10	800635	Small Government Fire Departments	$300,000	$300,000
		General Services Fund Group Subtotal	***$300,000***	***$300,000***
Federal Special Revenue Fund Group				
3480	800622	Underground Storage Tanks	$1,129,518	$1,129,518
3480	800624	Leaking Underground Storage Tanks	$1,556,211	$1,556,211
		Federal Special Revenue Fund Group Subtotal	***$2,685,729***	***$2,685,729***
State Special Revenue Fund Group				
5460	800610	Fire Marshal	$16,523,862	$15,501,562
5460	800639	Fire Department Grants	$1,698,802	$1,698,802
5HV0	800641	Cigarette Enforcement	$120,000	$120,000
6530	800629	UST Registration/Permit Fee	$1,854,675	$1,509,653
		State Special Revenue Fund Group Subtotal	***$20,197,339***	***$18,830,017***
Total Funding: State Fire Marshal			**$23,183,068**	**$21,815,746**

Small Government Fire Departments (800635)

This line item is used to fund the Small Government Fire Department Services Revolving Loan Program, which makes no interest loans to small governments for up to 95% of the cost of firefighter equipment or the construction or renovation of fire department buildings. The Small Government Fire Departments Fund (Fund 5F10) is replenished by loan repayments. The executive flat funds the program at FY 2011 levels with a recommendation of $300,000 in each fiscal year.

Underground Storage Tanks (800622, 800624, and 800629)

These line items fund the Bureau of Underground Storage Tank Regulation (BUSTR), which regulates the installation, operation, maintenance, and removal of underground storage tank (UST) systems as well as the investigation and cleanup of petroleum products released from UST systems into the environment. BUSTR regulates

3,975 owners of approximately 22,600 registered UST systems. In FY 2010, the Bureau undertook 3,922 operational compliance inspections of UST systems.

Appropriation item 800622, Underground Storage Tanks, provides the federal funds used for the regulation of underground storage tanks, including the permitting of tank installation, removal, upgrade, or major repair. Federal funding for this program requires a 25% state match. The executive recommends $1.1 million in each fiscal year a decrease of 3.2% compared to estimated FY 2011 spending of $1.2 million.

Appropriation item 800624, Leaking Underground Storage Tanks, provides the federal funds necessary to evaluate and clean up leaking underground storage tanks containing petroleum. Federal funding for this program requires a 10% state match. The executive recommendation for this line item is approximately $1.6 million each fiscal year, equal to estimated FY 2011 spending.

Appropriation item 800629, UST Registration/Permit Fee, also provides funding for underground storage tank regulation, but it is supported by annual tank registration fees and permits. This line item provides the state matching funds required for BUSTR's federal funding. The executive recommends approximately $1.9 million in FY 2012, a 20.8% increase from estimated FY 2011 spending of $1.5 million.

Fire Marshal (800610)

This line item provides the primary operating funds for the administration of the Office of the State Fire Marshal (SFM) and its programs. The State Fire Marshal Fund (Fund 5460) is the division's primary operating fund. This fund receives revenue from a 0.75% surcharge on fire insurance premiums, 20% of retaliatory (or "reciprocity") taxes on out-of-state insurance companies, and fees from fireworks licenses, building inspections, course fees, and federal and state grants.

The executive recommends FY 2012 funding of $16.5 million, an 8.5% increase over estimated FY 2011 spending of $15.2 million. FY 2013 funding is recommended at $15.5 million. The increase for FY 2012 allows SFM to replace an outdated mainframe computer system that dates back to the late 1980s and early 1990s. This project is described in more detail below under the Program Administration section. Recommendations by SFM program and descriptions of those programs are provided in the table below. The executive recommendation allows current operations to be maintained.

Table 7. Fund 5460, ALI 800610, Fire Marshal, Program Funding Summary (in millions)			
Program	FY 2011 Estimated	FY 2012 Recommended	FY 2013 Recommended
Program Administration	$4.2	$5.6	$4.2
Ohio Fire Academy	$2.9	$3.0	$3.5
Code Enforcement	$3.1	$2.9	$2.8
Investigations	$2.6	$2.6	$2.6
Fire Prevention	$1.1	$1.0	$1.1
Forensic Lab	$0.7	$0.8	$0.8
Testing and Registration	$0.6	$0.6	$0.6
Total	**$15.2**	**$16.5**	**$15.5**

Note: Individual amounts may not add to totals due to rounding.

Program Administration

This program provides for the administration of SFM and its eight operating bureaus. The program funds salaries and fringe benefits of administration, which consists of senior staff, administrative and facility operations staff, and the Explosive and Pyrotechnics unit. The Explosives and Pyrotechnics unit provides training and annual licensing for Ohio's fire and law enforcement communities, shippers, manufacturers, and retailers. The executive budget provides $5.6 million in FY 2012 and $4.2 million in FY 2013 for these purposes.

As noted above, the executive recommendation provides the funds needed to replace SFM's outdated mainframe computer system, which is now only used by the Ohio Fire Academy and the Bureau of Testing and Registration. The current system will be replaced by an application that more fully integrates the activities of the Ohio Fire Academy, including student registration, revenue tracking, educational scheduling, instructional resources coordination, and facilities management, the ultimate goal of which is to maximize the use of the Ohio Fire Academy's recently expanded facilities. Overall, this project is expected to result in lower maintenance and operations costs.

Ohio Fire Academy

The Ohio Fire Academy conducts fire-related training courses for more than 15,000 emergency responders annually. The program also funds replacement of vehicles and specialized firefighting equipment. Training, which is conducted at the Academy facilities and on-site throughout the state, includes firefighting, antiterrorism response, and urban search and rescue. The Academy maintains national accreditation for the various levels of firefighter training. The executive budget proposes $3.0 million in FY 2012 and $3.5 million in FY 2013 for these purposes. The increase in funding for FY 2013 will allow the Ohio Fire Academy to purchase needed equipment replacements.

Code Enforcement

The Code Enforcement Program performs fire safety inspections at hotels, motels, hospitals, schools, nursing homes, new construction, and other buildings and events. It also enforces the Ohio Fire Code at fireworks facilities, manufacturers, and exhibitions and conducts plan review and inspections for flammable and combustible liquid storage tanks not regulated by the Bureau of Underground Storage Tank Regulation or the local fire department. The program conducts approximately 15,000 fire safety inspections annually, though the department reports that its workload has been increasing in recent years due to recent legislative initiatives. For instance, S.B. 237 of the 127th General Assembly made changes to the laws governing hotels and motels, a provision of which requires SFM to conduct plan review for certain hotels or motels and thus, additional inspections. In addition, H.B. 500 of the 127th General Assembly required cigarettes sold in the state to be fire standards compliant. Thus, SFM Code Enforcement inspectors have begun to ensure that retailers are selling cigarettes that conform to these standards. The executive recommends $2.9 million in FY 2012 and $2.8 million in FY 2013 for this program.

Investigations

The Investigations Program 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. This program provides these services to any fire department or law enforcement agency in the state, as many small municipalities and townships do not have trained arson investigators to conduct such highly specialized investigations. In addition to routine investigations, the Fire and Explosion Investigation Bureau (FEIB) has three accelerant detection canine teams to assist in recovering evidence at arson crime scenes and operates the Major Incident Response Vehicle (MIRV), which has sensitive and specialized communications equipment to be used in any type of disaster or fire, arson, or bombing incident. The program conducted approximately 1,300 fire and explosion investigations, including 464 arsons, in FY 2009. The total number of investigations increased 3% over FY 2008 while the number of arsons increased 11% from the prior year. The executive recommends approximately $2.6 million each fiscal year, levels similar to the amount allocated for FY 2011.

Fire Prevention

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. The program compiles and analyzes statistical data collected through the Ohio Fire Information Reporting System regarding the nature and causes of fires. The Fire Prevention Program also operates the Public Fire Safety Decal Program for volunteer firefighters, provides fire safety courses for health care facility certification, smoke alarms to high-risk families, support for special public recognition events, support of fire safety fairs, and trains local fire department personnel. The Fire Prevention Program conducted nearly 1,800 fire safety programs for 48,500 Ohioans and distributed about over 93,000 pieces of fire safety literature in FY 2010. The executive recommends $1.0 million in FY 2010 and $1.1 million in FY 2011 for this program.

Forensic Lab

The Forensic Lab Program provides scientific examination of ignitable liquids, fire debris, explosives, latent fingerprints, and general examination of any physical evidence involved in a suspected arson, fire explosive incident, or hazardous situation. The laboratory issues a written report including findings and opinions as to the nature of the situation. Laboratory examiners may be asked to testify in court about laboratory findings. During FY 2009, the laboratory examined 741 cases consisting of 3,111 pieces of evidence. The executive recommendations of $774,565 in FY 2012 and $801,150 in FY 2013 represent increases in funding for this program compared to FY 2011, for which $748,012 has been allocated.

Testing and Registration

The Testing and Registration Bureau licenses a number of entities in accordance with statutory requirements. Among the entities licensed are companies and individuals in the fire protection industry; hotels and motels; flame effect and fireworks exhibitors; fireworks manufacturers, wholesalers, and shippers; underground storage tanks and those who install and inspect those tanks. This program issued over 44,000 licenses in FY 2010, which generated $2.8 million in fee revenue to SFM's various funds. The executive recommendations allocate $614,060 in FY 2012 and $559,800 in FY 2013 for this program. This compares to FY 2011 funding of $581,000.

Fire Department Grants (800639)

This line item is used to provide grants to local fire departments to offset the cost of training and equipment. The executive recommends about $1.7 million in each fiscal year, representing flat funding with the FY 2011 appropriation amount. Under the grant program, volunteer fire departments; fire departments, joint fire districts, or local governments responsible for fire departments that serve one or more small municipalities or small townships; and local units of government responsible for the provision of fire protection services for small municipalities or small townships are eligible for the grants, which must be used to (1) purchase firefighting or rescue equipment or gear or similar items, (2) provide full or partial reimbursement for the documented costs of firefighter training, or (3) at the discretion of the State Fire Marshal, cover fire department costs for providing fire protection services in that grant recipient's jurisdiction. Grants for firefighting or rescue equipment or gear or for the provision of fire protection services are limited to $15,000 per fiscal year unless an eligible entity serves a jurisdiction in which the Governor declared a natural disaster during the preceding or current fiscal year in which the grant was awarded. In those cases, grants are limited to $25,000 per fiscal year. Grants for reimbursement of firefighter training costs are limited to $15,000 per fiscal year. Eligible entities may receive grants for both purposes. For each fiscal year, the State Fire Marshal will determine the total amounts to be allocated for each eligible purpose.

Cigarette Enforcement (800641)

This new line item will be used in the upcoming biennium to purchase the office equipment and supplies needed to carry out the cigarette enforcement program, which certifies cigarettes as meeting reduced ignition propensity standards established under H.B. 500 of the 127th General Assembly. Cigarettes passing the ignition propensity standards are not as likely to set fire to certain types of fabrics, such as upholstered furniture or mattresses. To be certified by the state, each cigarette manufacturer must (1) test cigarettes through a laboratory or an alternative testing method to ensure the cigarettes meet the standards specified in law, (2) indicate on the packaging that the cigarettes meet fire safety standards, and (3) submit written certification to the State Fire Marshal's Office within the Department of Commerce that each type of cigarette tested meets the standards. Manufacturers must recertify each type of cigarette every three years.

In February 2010, COM began to receive certification applications for cigarettes that met reduced ignition propensity standards. Currently, there are about 135 brand families certified. "Brand family" refers to the various types of cigarettes, such as lights, menthols, 100's, and so forth, sold under the same trademark. To offset the State Fire Marshal's costs for administering the certification program, manufacturers pay a $1,000 fee for each brand family included in an application. This fee may be adjusted annually to ensure it is sufficient to defray the actual costs of certification, up to $2,500 per brand family. Proceeds from the fee are deposited into the Cigarette Enforcement Fund (Fund 5HV0).

Category 6: Administration

This category of appropriations provides direction, administration, support, and coordination of the activities of the Department's operating divisions and to serve as a liaison to other government, corporate, and public entities.

Governor's Recommended Funding for Administration				
Fund		ALI and Name	FY 2012	FY 2013
General Services Fund Group				
1630	800620	Division of Administration	$7,305,337	$7,328,301
1630	800637	Information Technology	$5,999,892	$6,011,977
		General Services Fund Group Subtotal	***$13,305,229***	***$13,340,278***
State Special Revenue Fund Group				
5X60	800623	Video Service	$340,299	$340,630
		State Special Revenue Fund Group	***$340,299***	***$340,630***
Total Funding: Administration			**$13,645,528**	**$13,680,908**

Division of Administration (800620)

This appropriation pays for the costs of administering, supporting, and coordinating the activities of the seven 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.

The executive recommendation provides $7.3 million in each fiscal year for this line item. Though it appears that this amount is a substantial reduction from estimated FY 2011 spending of $15.1 million, the actual amount for FY 2011 should be $7.6 million. The $15.1 million figure is the result of a glitch in the Ohio Administrative Knowledge System (OAKS) Budget and Planning Module. This line item is funded by assessments levied on the seven operating divisions, which are based on a percentage of the actual operating appropriation of each of the individual funds used by the Department. OBM must approve how the assessment is calculated on an annual basis. These assessments have generated around $10 million per year during FY 2009 and FY 2010.

Information Technology (800637)

This line item funds the Information Technology Group (ITG), which is part of the Division of Administration. ITG is responsible for developing, maintaining, and protecting the Department's computer systems, network, electronic business applications, and electronic data. ITG provides technical support via the Department of Commerce Help Desk and direction to Division staff on industry standards regarding the purchase of hardware and software. ITG also develops and maintains the existing

Commerce web site and provides efficient internal support for the creation and implementation of systems using new technology.

As with the appropriation item above, this line item is funded by the assessments levied on the seven operating divisions, which are based on a percentage of the actual operating appropriation of each of the seven divisions within the Department. The Governor recommends $6.0 million in each fiscal year, a 2.2% decrease from estimated FY 2011 spending of $6.1 million.

Video Service (800623)

This line item is intended to be used to fund the Video Service Regulation Program. This program, created by S.B. 117 of the 127th General Assembly, reviews video service authorization applications and either approves or denies them. The program is forwarded consumer complaints against cable companies and telephone companies providing video service from the Public Utilities Commission. Video service authorizations are valid for ten years.

To date, COM has authorized 53 video service franchises under the state authorization system, which became effective in September 2007. This system, which permits video service areas to span multiple counties, municipalities, or townships, is being phased in to replace a licensing process under which cable television providers negotiated franchise agreements and fees with individual local governments. To compensate local governments for the fee revenue generated under the old agreements, S.B. 117 created a video service provider fee that is paid to each municipality and township in which a provider offers video service.

Applicants pay a $2,000 fee to apply for and a $100 fee to amend each authorization. These fees are deposited in the Video Service Authorization Fund (Fund 5X60). Currently, this fund has a cash balance of about $110,000. Because this revenue has not been sufficient to meet ongoing operating expenses, H.B. 1 of the 128th General Assembly authorized an assessment on video service providers, the total amount of which is limited to $450,000 per fiscal year or the actual, current year administrative costs to carry out the program, whichever is less. Instead of accruing to Fund 5X60, current law directs the assessment revenue into the Division of Administration Fund (Fund 1630). As a result, the program's expenses are currently paid using Fund 1630 line item 800620, Division of Administration.

The executive budget recommends $340,299 in FY 2012 and $340,630 in FY 2013 for this line item, providing the appropriations needed to fund the program without Fund 1630. However, the bill does not include a provision modifying the statute (section 1332.24 of the Revised Code) requiring video service assessment revenue to be deposited into Fund 1630. Without such a change, it is unclear how these appropriations will be supported.

Category 7: Real Estate and Professional Licensing

This category of appropriations provides licensure and regulation of real estate brokers, salespersons, appraisers, and registers foreign real estate property and the registration and investigation of complaints involving Ohio cemeteries.

Governor's Recommended Funding for Real Estate and Professional Licensing				
Fund	**ALI and Name**		**FY 2012**	**FY 2013**
State Special Revenue Fund Group				
4B20	800631	Real Estate Appraiser Recovery	$35,000	$35,000
4H90	800608	Cemeteries	$268,067	$268,293
5470	800603	Real Estate Education/Research	$125,000	$125,000
5480	800611	Real Estate Recovery	$25,000	$25,000
5490	800614	Real Estate	$3,413,708	$3,332,308
6A40	800630	Real Estate Appraiser – Operating	$699,565	$648,890
Total Funding: Real Estate and Professional Licensing			**$4,566,340**	**$4,434,491**

Real Estate (800614)

This line item pays the costs associated with the licensing of real estate brokers and salespersons and those dealing in foreign real estate (properties located outside Ohio but marketed to Ohio residents). In addition, continuing education courses for such individuals are reviewed and approved and complaints are investigated. As of the end of FY 2010, over 48,800 brokers, salespersons, and businesses were regulated using the funds provided by this line item.

The line item is funded by license fees paid by real estate brokers and salespersons. In FY 2010, various fees on real estate brokers and salespersons were increased via H.B. 1 of the 128th General Assembly, the main operating budget act for FY 2010-FY 2011. While FY 2010 license fee revenue of $2.4 million actually declined 5.1% from FY 2009, the drop was the result of significantly lower amounts of monthly revenue received (compared to FY 2009) before the higher fees went into effect in October 2009. Through the first nine months of FY 2011, license fee revenue is up by over 20% compared to the same time period in FY 2010. Though license fee revenue appears to be on the upswing, another factor sure to affect license fee revenue in the upcoming biennium is the direction of the housing market. The depressed housing market has reduced the work opportunities for individuals in the real estate profession, affecting licensure levels. If the housing market picks up, licensure activity will probably increase.

For the FY 2012-FY 2013 budget, the executive recommends approximately $3.4 million in FY 2012, a decrease of 1.1% compared to estimated FY 2011 spending of

$3.5 million. The FY 2013 recommendation of $3.3 million is 2.4% lower than the FY 2012 level.

Real Estate Appraiser – Operating (800630)

This line item funds the licensure and certification of all general and residential appraisers in the state. In addition, the line item funds the monitoring of applicant compliance with education, experience and testing requirements for each level of registration, license or certification, and oversees the continuing education requirements of the industry. Other activities include the investigation of complaints against licenses and disciplinary hearings as required. As of the end of FY 2010, the program oversaw approximately 3,500 active real estate appraisers and real estate appraiser assistants in the state.

The external market factors affecting the licensure activity of real estate brokers and salespersons also appear to be affecting the licensure of real estate appraisers, as the number of active appraisers licensed or certified by the Real Estate Appraiser Section declined 6.1% from the end of FY 2009 to the end of FY 2010. The amount of revenue received from these individuals also declined during this time, from nearly $656,000 in FY 2009 to $624,055 in FY 2010, a decline of 4.9%. To cope with declining revenue to the program's operating fund, the Department reoriented the distribution of license fee revenue in October 2009 through rule to increase the funds available for operations. Correspondingly, the license fee revenue set aside for the Real Estate Appraiser Recovery Fund was diminished.

The passage of H.R. 4173, the Frank/Dodd Financial Reform Act of 2010, will likely require changes to Ohio's program of appraiser regulation. Implementing rules from the federal government are expected to be issued during calendar year (CY) 2011, which may require changes in the Ohio statutes governing appraisers. As the federal bill is implemented, the workload of the Real Estate Appraiser Section will increase to assist appraisers in understanding and adhering to the new requirements. However, the Department also indicated that the federal bill contains an authorization for grants to be issued to the states to assist with enforcement activities. Guidelines for such grants are not expected to be issued until late in CY 2011, at the earliest.

The Governor recommends funding of $699,565 in FY 2012, an increase of 5.4% compared to estimated FY 2011 spending of $664,006. For FY 2013, the Governor recommends $648,890, a decrease of about $51,000, or 7.2%, from FY 2012. Though the FY 2013 amount declines from that of FY 2012, the Governor's proposal accounts for $50,000 in additional remittances of pass-through funds to the federal government pursuant to a provision in H.R. 4173. That bill authorized an increase in the federal national registry fee appraisers pay to support the activities of the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council.

Effective January 1, 2012, ASC is increasing the fee from $25 to $40 because of its additional responsibilities under H.R. 4173. The federal national registry fee is included with the state fees appraisers pay for certification and licensure. As a result, a portion of the program's appropriation is used to remit the fee amount due the federal government. Because of the increased federal fee amount, additional funds are needed in the "Transfers and Non-expense" account category to cover the additional remittances to the federal government.

Cemeteries (800608)

This line item funds the registration of all active cemeteries in Ohio and the investigation of complaints or disputes involving registered cemeteries. Complaints against cemeteries are investigated and referred to the Ohio Cemetery Dispute Resolution Commission. The program also audits cemetery trust records, sets guidelines for cemetery maintenance, and provides education to consumers concerning their rights, responsibilities, and options when interacting with a cemetery. There are about 3,500 cemeteries registered. Burial permit fees are the main source of revenue for this program. During FY 2010, revenue to the Cemetery Registration Fund (Fund 4H90) from burial permits and cemetery registrations and renewals amounted to $286,133. The Governor's proposal includes funding of over $268,000 each fiscal year, about 2% less than estimated FY 2011 spending of $273,465.

Real Estate Education/Research (800603)

This line item is used to advance education and research in real estate by contracting with higher education institutions or a trade organization 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 cost of statutory education requirements. These activities are funded through the Real Estate Education and Research Fund (Fund 5470), which receives $1 from each real estate broker and salesperson application fee. The Governor recommends $125,000 in each fiscal year of the biennium, amounts that are 50% lower than FY 2011 appropriation amount of $250,000. According to the Governor's *Blue Book*, the reduction is meant to ensure long-term sustainability of Fund 5470 by preventing expenditures from exceeding revenues.

Real Estate and Appraiser Recovery (800611 and 800631)

These line items are used to reimburse persons that obtain a court judgment against a licensed or certified appraiser, real estate broker, or salesperson. The Real Estate Recovery Fund (Fund 5480) receives fines and civil penalties against persons participating in unlicensed activity while the Real Estate Appraiser Recovery Fund (Fund 4B20) is funded through a $50 assessment on new real estate appraiser license/certification applications. The Governor recommends a total of $60,000 for these line items in each year of the biennium, a 29% reduction compared to FY 2011 appropriations. The reduction comes out of line item 800611, Real Estate Recovery. Line item 800631, Real Estate Appraisal Recovery is flat funded at its FY 2011 appropriation.

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General Revenue Fund

GRF 800410 Labor and Worker Safety

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$2,003,463	$2,018,587	$1,240,063	$0	**$0**	**$0**
	0.8%	-38.6%	-100%	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: ORC 4109, 4111, and 4115; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item supported the Bureau of Labor and Worker Safety (formerly a stand alone Division), which enforces the minimum wage, prevailing wage, and minor labor laws. Funding for these activities is now primarily supported by SSR Fund 5560 appropriation item 800615, Industrial Compliance. Additional funding for prevailing wage law enforcement is found in SSR fund 5K70 appropriation item 800621, Penalty Enforcement. Am. Sub. H.B. 1 of the 128th G.A. merged the Division of Labor and Worker Safety into the Division of Industrial Compliance to form the Division of Industrial Compliance and Labor.

General Services Fund Group

1630 800620 Division of Administration

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$4,360,188	$4,333,742	$5,745,187	$15,122,572	**$7,305,337**	**$7,328,301**
	-0.6%	32.6%	163.2%	**-51.7%**	**0.3%**

Source: General Services Fund Group: Indirect cost assessments applied to each operating fund of the Department and assessments on video service providers

Legal Basis: ORC 121.08(G) and 1332.24(A)(3); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item pays the costs of administering, supporting, and coordinating the activities of the seven 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 all funded through this line item. The line item also funds the video service regulation program, which reviews video service authorization applications and either approves or denies them and investigates alleged violations. Am. Sub. H.B. 1 of the 128th G.A. increases the amount of revenue available to the video service regulation program by allowing an assessment on video service providers, which is limited to $450,000 per fiscal year or the actual, current year administrative costs to carry out the program, whichever is less.

1630 800637 Information Technology

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$4,742,261	$5,969,795	$4,569,890	$6,137,122	**$5,999,892**	**$6,011,977**
	25.9%	-23.4%	34.3%	**-2.2%**	**0.2%**

Source: General Services Fund Group: Indirect cost assessments applied to each operating fund of the Department

Legal Basis: ORC 121.08(G); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item funds the Information Technology Group (ITG), part of the Division of Administration. ITG is responsible for developing, maintaining, and protecting the Department's computer systems, network, electronic business applications, and electronic data. ITG provides technical support and direction to division staff on industry standards regarding the purchase of hardware and software and develops and maintains the Department's web site. Am. Sub. H.B. 119 of the 127th G.A., the main budget act for FY 2008-FY 2009, provided for consolidated funding for the Department of Commerce's information technology staff in this line item. Formerly, those staff members were paid through division operating funds.

5430 800602 Unclaimed Funds-Operating

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$8,695,254	$6,055,781	$5,421,979	$9,948,085	**$7,836,107**	**$7,841,473**
	-30.4%	-10.5%	83.5%	**-21.2%**	**0.1%**

Source: General Services Fund Group: Funds allocated from the unclaimed funds custodial account under the Treasurer of State.

Legal Basis: ORC 169.05(B); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item pays the operating and administrative expenses of the Division of Unclaimed Funds, which is responsible for the safekeeping and return of monies designated as "unclaimed" due to death, inadvertence, or forgetfulness. The division is comprised of administrative, claims processing, compliance, and accountability sections.

5430 800625 Unclaimed Funds-Claims

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$57,688,890	$60,053,959	$55,217,362	$75,000,000	**$69,700,000**	**$69,800,000**
	4.1%	-8.1%	35.8%	**-7.1%**	**0.1%**

Source: General Services Fund Group: Funds allocated from the unclaimed funds custodial account under the Treasurer of State.

Legal Basis: ORC 169.05(B); Sections 241.10, 259.20.70 and 259.30.70 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item pays claims from unclaimed funds held by the state pursuant to Chapter 169. of the Revised Code. Am. Sub. H.B. 1 of the 128th G.A. authorizes the following transfers of unclaimed funds during the FY 2010-FY 2011 biennium: (1) up to $250 million in FY 2010 and up to $135 million in FY 2011 to the GRF, (2) up to $4 million per year to the Job Development Initiatives Fund (Fund 5AD0), used by the Department of Development, and (3) up to $8.4 million in FY 2010 and up to $3.8 million in FY 2011 to the State Special Projects Fund (Fund 4F20), also used by the Department of Development. Am. Sub. H.B. 1 also permits the pledge of up to $10 million of unclaimed funds for the Minority Business Bonding Program. However, a transfer of cash would only occur if unclaimed funds are needed for payment of losses arising from the program.

5F10 800635 Small Government Fire Departments

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$250,000	$585,000	$300,000	$300,000	**$300,000**	**$300,000**
	134.0%	-48.7%	0.0%	**0.0%**	**0.0%**

Source: General Services Fund Group: Repayments of no interest loans made to small governments or private fire departments

Legal Basis: ORC 3737.17; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to make loans to small governments or private fire departments for up to 95% of the cost of firefighter equipment or the construction or renovation of fire department buildings.

Federal Special Revenue Fund Group

3480 800622 Underground Storage Tanks

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$341,785	$641,949	$528,422	$1,167,024	**$1,129,518**	**$1,129,518**
	87.8%	-17.7%	120.9%	**-3.2%**	**0.0%**

Source: Federal Special Revenue Fund Group: CFDA 66.804, Underground Storage Tank Prevention, Detection, and Compliance Program

Legal Basis: ORC 3737.02(C); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

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 Regulations (BUSTR) in the office of the State Fire Marshal. A 25% match is maintained in SSR Fund 6530 appropriation item 800629, UST Registration/Permit Fee.

3480 800624 Leaking Underground Storage Tanks

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$1,460,669	$1,313,858	$1,583,895	$1,556,211	**$1,556,211**	**$1,556,211**
	-10.1%	20.6%	-1.7%	**0.0%**	**0.0%**

Source: Federal Special Revenue Fund Group: CFDA 66.805, Leaking Underground Storage Tanks Trust Fund Corrective Action Program

Legal Basis: ORC 3737.02(C); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: These funds are used to evaluate and clean up leaking underground storage tanks containing petroleum. A 10% state match is maintained in SSR Fund 6530 appropriation item 800629, UST Registration/Permit Fee.

3DF0 800606 Federal Stimulus - Underground Storage Tank

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$0	$0	$218,072	$5,391,551	**$0**	**$0**
	N/A	N/A	2372.4%	**-100%**	**N/A**

Source: Federal Special Revenue Fund Group: CFDA 66.805, Leaking Underground Storage Tanks Trust Fund Corrective Action Program, Recovery Act

Legal Basis: Sections 307.10 and 327.10 of Am. Sub. H.B. 2 of the 128th G.A.

Purpose: This appropriation provides the funds necessary to spend American Recovery and Reinvestment Act of 2009 (ARRA) funds associated with the Leaking Underground Storage Tank program. This program oversees the assessment and clean-up of petroleum leaks from underground storage tanks. Federal stimulus funds are focused on sites where the party responsible for the tank is unknown, unwilling, or unable to pay for the clean-up or the clean-up is in response to an emergency.

3DX0 800626 Law Enforcement Seizure Funds

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$0	$0	$47,046	$0	**$0**	**$0**
	N/A	N/A	-100%	**N/A**	**N/A**

Source: Federal Special Revenue Fund Group: A portion of federal asset forfeitures seized and distributed pursuant to the U.S. Department of Justice's Equitable Sharing Program for State and Local Law Enforcement

Legal Basis: Established by the Controlling Board on October 19, 2009

Purpose: This line item has been used to replace Office of State Fire Marshal Fire and Explosion Investigation Bureau (FEIB) vehicles with full-size police package utility vehicles. FEIB officers are trained law enforcement officers that investigate fires and explosions in the state. FEIB officers arrest and prosecute persons believed to be guilty of arson, illegal explosives, illegal fireworks, and similar crimes. Officers may also take sworn statements, issue subpoenas, make arrests, and file charges with local prosecutors.

State Special Revenue Fund Group

4B20 800631 Real Estate Appraisal Recovery

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$30,000	$5,000	$10,000	$35,000	**$35,000**	**$35,000**
	-83.3%	100.0%	250.0%	**0.0%**	**0.0%**

Source: State Special Revenue Fund Group: Assessments against certificate holders; if the balance in the Real Estate Appraisal Recovery Fund (Fund 4B20) falls below $500,000, transfers are authorized from the Real Estate Appraiser Operating Fund (Fund 6A40) to bring the cash balance up to that amount

Legal Basis: ORC 4763.16; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: These funds are used to reimburse any person (except a bonding or insurance company or partnership, corporation, or association employing an appraiser) who obtains a court judgment against an appraiser licensed or certified under ORC 4763. The account may not be used to pay punitive damages.

4H90 800608 Cemeteries

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$235,765	$229,137	$209,012	$273,465	**$268,067**	**$268,293**
	-2.8%	-8.8%	30.8%	**-2.0%**	**0.1%**

Source: State Special Revenue Fund Group: Fees from cemetery registrations and burial permits

Legal Basis: ORC 4767.03; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

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

4X20 800619 Financial Institutions

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$1,764,409	$1,513,414	$1,200,261	$2,221,395	**$2,186,271**	**$1,990,693**
	-14.2%	-20.7%	85.1%	**-1.6%**	**-8.9%**

Source: State Special Revenue Fund Group: Assessments upon the operating funds (Funds 5440, 5450, 5520, and 5530) within the Division of Financial Institutions based upon the budgeted headcount for each fund

Legal Basis: ORC 1181.06; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item provides centralized division administrative support to the Banks, Savings Institutions, Credit Unions, Savings Banks, and Consumer Finance sections of the Division of Financial Institutions. Administrative activities supported by this line item include executive management, facilities management, legal services, human resources support, and records management.

5440 800612 Banks

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$5,811,757	$5,554,990	$4,981,506	$7,365,514	**$7,242,364**	**$6,942,336**
	-4.4%	-10.3%	47.9%	**-1.7%**	**-4.1%**

Source: State Special Revenue Fund Group: 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 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item funds the regulation of state-chartered banks, trust companies, and money transmitters. The Banks program determines the safety and soundness of each bank and monitors institution adherence to applicable laws and regulations through periodic examinations. This program also reviews and approves new bank charters, mergers, branch ventures, and other activities. The money transmitters program provides for the licensing, supervision, and regulation of money transmitters operating within the state, including the examination of licensees and the investigation of alleged violations.

5450 800613 Savings Institutions

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$1,677,396	$2,107,916	$1,727,353	$2,307,019	**$2,257,220**	**$2,259,536**
	25.7%	-18.1%	33.6%	**-2.2%**	**0.1%**

Source: State Special Revenue Fund Group: Annual assessments and other fees on savings and loan associations and savings banks based upon total assets and the cost of regulation.

Legal Basis: ORC 1155.13 and 1181.18; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: These appropriations are used to support the costs associated with regulating savings and loans and savings banks. Such regulation ensures the safety and soundness of these institutions and compliance with the law through regular examinations, monitoring, and enforcement of supervisory actions.

5460 800610 Fire Marshal

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$12,991,182	$14,114,929	$11,563,262	$15,226,967	**$16,523,862**	**$15,501,562**
	8.7%	-18.1%	31.7%	**8.5%**	**-6.2%**

Source: State Special Revenue Fund Group: 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 3737.22 and 3737.71; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to support the Office of the State Fire Marshal, including the Ohio Fire Academy. State Fire Marshal activities funded from this line item include Ohio Fire Code enforcement; training courses for emergency responders through the Ohio Fire Academy; investigation of fire, explosives, and fireworks incidents in Ohio; scientific and general examination of materials and evidence involved in suspected arson, fire explosive incidents, or hazardous situations; fire prevention and safety programs; and licensing of companies and individuals in the fire protection and fireworks industries as well as hotels and motels. Am. Sub. H.B. 1 of the 128th G.A. includes a permanent law provision allowing the cash in the State Fire Marshal's Fund (Fund 5460) that exceeds the amount necessary for ongoing operating expenses in a fiscal year to be transferred to the GRF.

5460 800639 Fire Department Grants

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$1,450,282	$1,745,807	$1,619,598	$1,698,802	**$1,698,802**	**$1,698,802**
	20.4%	-7.2%	4.9%	**0.0%**	**0.0%**

Source: State Special Revenue Fund Group: 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: Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item provides up to $1,647,140 each fiscal year in annual grants to volunteer fire departments; fire departments, joint fire districts, or local governments responsible for fire departments that serve one or more small municipalities or small townships; and local units of government responsible for the provision of fire protection services for small municipalities or small townships. The grants must be used to purchase firefighting or rescue equipment or gear or similar items, to provide full or partial reimbursement for the documented costs of firefighter training, or, at the discretion of the State Fire Marshal, to cover fire department costs for providing fire protection services in that grant recipient's jurisdiction. The remaining amount in this line item may be used for the administration of the grant program.

5470 800603 Real Estate Education/Research

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$145,027	$235,226	$8,000	$250,000	**$125,000**	**$125,000**
	62.2%	-96.6%	3025.0%	**-50.0%**	**0.0%**

Source: State Special Revenue Fund Group: $1 from real estate broker and real estate salesperson application fees, foreign real estate dealer and foreign real estate salesperson license and renewal fees, and certain other real estate-related fees; $3 from real estate broker and real estate salesperson license renewal fees (which have triennial renewal cycles)

Legal Basis: ORC 4735.06(C); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to advance education and research in real estate by contracting with higher education institutions or trade organizations 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 cost of statutory education requirements. Am. Sub. H.B. 1 of the 128th G.A. authorizes the transfer of $1.3 million over the FY 2010-FY 2011 biennium from the Real Estate Education and Research Fund (Fund 5470) to the Real Estate Operating Fund (Fund 5490) to support Fund 5490's operational cash needs. This transfer was made in October 2009.

5480 800611 Real Estate Recovery

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$17,180	$102,117	$18,688	$50,000	**$25,000**	**$25,000**
	494.4%	-81.7%	167.6%	**-50.0%**	**0.0%**

Source: State Special Revenue Fund Group: Fines assessed against licensees for violations of license law and civil penalties assessed against persons performing unlicensed activity; potential special assessments on real estate brokers and salespersons if the cash balance of Fund 5480 drops below $2 million

Legal Basis: ORC 4735.12; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

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. Am. Sub. H.B. 1 of the 128th G.A. authorizes the transfer of $600,000 over the FY 2010-FY 2011 biennium from the Real Estate Recovery Fund (Fund 5480) to the Real Estate Operating Fund (Fund 5490) to support Fund 5490's operational cash needs. This transfer was made in October 2009.

5490 800614 Real Estate

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$2,998,859	$3,166,449	$2,563,516	$3,451,694	**$3,413,708**	**$3,332,308**
	5.6%	-19.0%	34.6%	**-1.1%**	**-2.4%**

Source: State Special Revenue Fund Group: License and other fees charged to real estate brokers and salespersons

Legal Basis: ORC 4735.211; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item pays the costs associated with licensing and regulating real estate brokers and salespersons and those dealing in foreign real estate (properties located outside Ohio but marketed to Ohio residents), including the review and approval of continuing education courses for such individuals, the investigation of complaints, and the issuance of enforcement orders. For the FY 2010-FY 2011 biennium, Am. Sub. H.B. 1 of the 128th G.A. authorizes the following transfers to support the operational cash needs of the Real Estate Operating Fund (Fund 5490): 1) $1.3 million from the Fund Real Estate Education and Research Fund (Fund 5470) and 2) $600,000 from the Real Estate Recovery Fund (Fund 5480). These transfers were made in October 2009.

5500 800617 Securities

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$3,620,249	$4,221,958	$3,492,265	$4,411,545	**$4,312,434**	**$4,314,613**
	16.6%	-17.3%	26.3%	**-2.2%**	**0.1%**

Source: State Special Revenue Fund Group: Fees collected under ORC 1707 associated with the regulation of securities

Legal Basis: ORC 1707.37; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: These funds provide for the operation of the Division of Securities, which regulates the sale of securities in Ohio, licenses securities professionals, promotes investor education, pursues administrative sanctions for violations of the securities laws in Ohio, and makes referrals for criminal prosecution. Under continuing law, excess moneys in the Division of Securities Fund (Fund 5500) are transferred annually to the GRF. Am. Sub. H.B. 1 of the 128th G.A. includes provisions that 1) permit such sums as are necessary from this line item to be used over the FY 2010-FY 2011 biennium to support the development and implementation of information technology solutions that enable the division to better protect the interests of investors, the public, and the securities industry and 2) transfer up to $485,000 in each fiscal year from the Division of Securities Fund (Fund 5500) to the Division of Securities Investor Education and Enforcement Expense Fund (Fund 5GK0).

5520 800604 Credit Union

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$2,669,079	$2,611,486	$2,297,574	$3,627,390	**$3,450,390**	**$3,450,390**
	-2.2%	-12.0%	57.9%	**-4.9%**	**0.0%**

Source: State Special Revenue Fund Group: A semi-annual assessment 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; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: These funds pay the regulatory and administrative costs incurred in regulating state-chartered credit unions. The supervision and regulation of state-chartered credit unions includes on-site field examinations, off-site surveillance and monitoring, and coordination of supervisory activities with the relevant federal agency, the National Credit Union Administration.

5530 800607 Consumer Finance

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$4,550,874	$4,664,711	$3,808,024	$5,148,702	**$3,613,016**	**$3,516,861**
	2.5%	-18.4%	35.2%	**-29.8%**	**-2.7%**

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

Legal Basis: ORC 1321.21; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: These funds pay for the costs associated with regulating the consumer finance industry. Regulatory actions include examinations and investigations of licensees to ensure compliance with statutory requirements and consumer protection. One-half of the fees collected from pawnbrokers and precious metal dealers are returned to the local government in which they reside. Further, 5% of all charges, penalties, and forfeitures received by the Consumer Finance Fund (Fund 5530) are transferred at least quarterly to the Financial Literacy Education Fund (Fund 5FW0).

5560 800615 Industrial Compliance

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$23,555,917	$23,979,450	$21,155,829	$28,206,094	**$27,639,372**	**$27,664,695**
	1.8%	-11.8%	33.3%	**-2.0%**	**0.1%**

Source: State Special Revenue Fund Group: 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 241.10 of Am. Sub. H.B. 1 of the 128th 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 funding for the Board of Building Standards, Board of Building Appeals, Ohio Construction Industry Licensing Board, Historical Boiler Licensing Board, and the Ski Tramway Board. Beginning in FY 2011, this line item provides the primary source of funding for the Bureau of Labor and Worker Safety, which enforces the prevailing wage, minimum wage, and minor labor laws. Formerly, these activities were funded through GRF appropriation item 800410, Labor and Worker Safety. Additional funding for prevailing wage enforcement is found in SSR Fund 5K70 appropriation item 800621, Penalty Enforcement. Am. Sub. H.B. 1 of the 128th G.A. merges the Division of Industrial Compliance with the Division of Labor and Worker Safety to form the Division of Industrial Compliance and Labor.

5FW0 800616 Financial Literacy Education

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$0	$0	$0	$350,000	**$240,000**	**$240,000**
	N/A	N/A	N/A	**-31.4%**	**0.0%**

Source: State Special Revenue Fund Group: One-time transfer in FY 2009 of 5% of the cash balance of the Consumer Finance Fund (Fund 5530) and quarterly transfers of 5% of all charges, penalties, and forfeitures received into Fund 5530.

Legal Basis: ORC 121.085; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to support adult financial literacy education programs. At least half of the financial literacy education programs must be presented by or made available at public community colleges or state institutions of higher education throughout the state. As part of the program, the Department must also produce a report that includes an outline of each adult financial literacy education program, the number of individuals who were educated by each program, and an accounting for all funds distributed.

5GK0 800609 Securities Investor Education/Enforcement

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$0	$0	$135,406	$485,000	**$1,135,000**	**$485,000**
	N/A	N/A	258.2%	**134.0%**	**-57.3%**

Source: State Special Revenue Fund Group: Moneys received in settlement of any violation of the Securities Law; cash transfers of up to $485,000 in FY 2010 and FY 2011 from the the Division of Securities Fund (Fund 5500)

Legal Basis: ORC 1707.37(B); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to pay the expenses of Division of Securities programs relating to education or enforcement for the protection of securities investors and the public.

5HV0 800641 Cigarette Enforcement

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$0	$0	$0	$0	**$120,000**	**$120,000**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: State Special Revenue Fund Group: $1,000 fee for each cigarette brand family certified, which may be adjusted annually to ensure it is sufficient to defray the actual costs of certification, up to a maximum of $2,500 per brand family

Legal Basis: As proposed in H.B. 153 of the 129th G.A.

Purpose: This new line item will be used in the upcoming biennium for the office equipment and supplies needed to carry out the cigarette enforcement program, which certifies cigarettes as meeting reduced ignition propensity standards established under H.B. 500 of the 127th General Assembly.

5K70 800621 Penalty Enforcement

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$45,729	$123,276	$126,514	$150,000	**$0**	**$0**
	169.6%	2.6%	18.6%	**-100%**	**N/A**

Source: State Special Revenue Fund Group: Fines resulting from violations of Ohio's prevailing wage laws

Legal Basis: ORC 4115.10(A); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This fund is used for the enforcement of the prevailing wage law (sections 4115.03 to 4115.16 of the Revised Code). Funding for this purpose and for the enforcement of Ohio's minimum wage and minor labor laws is also found in SSR Fund 5560 appropriation item 800615, Industrial Compliance.

5X60 800623 Video Service

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$0	$0	$21	$34,476	**$340,299**	**$340,630**
	N/A	N/A	164935.9%	**887.1%**	**0.1%**

Source: State Special Revenue Fund Group: Video service authorization application and amendment fees

Legal Basis: ORC 1332.25(E); Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item provides an operating supplement each year to the video service regulation program, which is primarily funded by GSF Fund 1630 appropriation item 800620, Division of Administration. The program reviews video service authorization applications and either approves or denies them and investigates alleged violations.

6530 800629 UST Registration/Permit Fee

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$1,034,940	$1,285,406	$1,138,619	$1,535,725	**$1,854,675**	**$1,509,653**
	24.2%	-11.4%	34.9%	**20.8%**	**-18.6%**

Source: State Special Revenue Fund Group: Underground storage tank registration fees

Legal Basis: ORC 3737.02(B) and 3737.88; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item provides funding for the Bureau of Underground Storage Tank Regulations (BUSTR), which regulates the safe operation of underground storage tanks and ensures appropriate investigation and cleanup of releases from underground storage tanks. Underground storage tank regulation is a federally-mandated program. The line item also provides the 25% required state match for FSR Fund 3480 appropriation item 800622, Underground Storage Tanks, and the 10% required state match for FSR Fund 3480 appropriation item 800624, Leaking Underground Storage Tanks.

6A40 800630 Real Estate Appraiser-Operating

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$554,355	$589,579	$525,939	$664,006	**$699,565**	**$648,890**
	6.4%	-10.8%	26.3%	**5.4%**	**-7.2%**

Source: State Special Revenue Fund Group: Fees from the certification and licensing of real estate appraisers

Legal Basis: ORC 4763.15; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item funds the licensure and certification of all general and residential appraisers in the state. In addition, the line item funds the monitoring of applicant compliance with education, experience and testing requirements for each level of registration, license or certification, and the supervision of the continuing education requirements of the industry. Other activities include investigating complaints against licenses and conducting disciplinary hearings.

Liquor Control Fund Group

7043 800601 Merchandising

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$441,616,966	$460,835,706	$458,942,924	$488,434,277	**$472,209,274**	**$0**
	4.4%	-0.4%	6.4%	**-3.3%**	**-100%**

Source: Liquor Control Fund Group: Revenue from the sale of spirituous liquor by agency stores to retail and wholesale customers

Legal Basis: ORC 4301.12; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item pays for the Division of Liquor Control's liquor purchases, commissions paid to agency stores, and shipping costs. Temporary law allows for increased appropriations if additional spirituous liquor merchandise needs to be purchased to meet demand.

7043 800627 Liquor Control Operating

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$12,706,854	$12,802,242	$11,420,018	$14,313,346	**$13,398,274**	**$10,110,479**
	0.8%	-10.8%	25.3%	**-6.4%**	**-24.5%**

Source: Liquor Control Fund Group: Revenue from the sale of spirituous liquor by agency stores to retail and wholesale customers

Legal Basis: ORC 4301 and 4303; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item funds the operating expenses associated with the Division of Liquor Control, which is responsible for controlling the manufacture, distribution, licensing, regulation, and merchandising of beer, wine, mixed beverages, and spirituous liquor in the state. The Division carries out these responsibilities through the administration of the state's permitting and compliance system and through the sale of spirituous liquor via private businesses, known as liquor agencies, that are under contract to serve as the Division's sales agents.

7043 800633 Development Assistance Debt Service

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$31,380,022	$30,417,755	$35,864,507	$52,412,800	**$51,973,200**	**$0**
	-3.1%	17.9%	46.1%	**-0.8%**	**-100%**

Source: Liquor Control Fund Group: Revenue from the sale of spirituous liquor by agency stores to retail and wholesale customers

Legal Basis: ORC 166.08; Section 241.10 of Am. Sub. H.B. 1 of the 128th 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.

7043 800636 Revitalization Debt Service

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
$12,501,618	$14,855,241	$14,227,569	$20,359,000	**$21,129,800**	**$0**
	18.8%	-4.2%	43.1%	**3.8%**	**-100%**

Source: Liquor Control Fund Group: Revenue from the sale of spirituous liquor by agency stores to retail and wholesale customers

Legal Basis: ORC 151.40; Section 241.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally authorized by Article VIII, Section 2o, of the Ohio Constitution)

Purpose: This line item provides for the debt service payments on bonds issued to fund the urban revitalization component of the Clean Ohio bond program.

Line Item Detail by Agency

Report For Main Operating Appropriations Bill **Version:** As Introduced

COM Department of Commerce

			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
GRF	800410	Labor and Worker Safety	$ 1,240,063	$ 0	$0	N/A	$0	N/A
General Revenue Fund Total			**$ 1,240,063**	**$ 0**	**$0**	**N/A**	**$0**	**N/A**
1630	800620	Division of Administration	$ 5,745,187	$ 15,122,572	$ 7,305,337	-51.69%	$ 7,328,301	0.31%
1630	800637	Information Technology	$ 4,569,890	$ 6,137,122	$ 5,999,892	-2.24%	$ 6,011,977	0.20%
5430	800602	Unclaimed Funds-Operating	$ 5,421,979	$ 9,948,085	$ 7,836,107	-21.23%	$ 7,841,473	0.07%
5430	800625	Unclaimed Funds-Claims	$ 55,217,362	$ 75,000,000	$ 69,700,000	-7.07%	$ 69,800,000	0.14%
5F10	800635	Small Government Fire Departments	$ 300,000	$ 300,000	$ 300,000	0.00%	$ 300,000	0.00%
General Services Fund Group Total			**$ 71,254,419**	**$ 106,507,779**	**$ 91,141,336**	**-14.43%**	**$ 91,281,751**	**0.15%**
3480	800622	Underground Storage Tanks	$ 528,422	$ 1,167,024	$ 1,129,518	-3.21%	$ 1,129,518	0.00%
3480	800624	Leaking Underground Storage Tanks	$ 1,583,895	$ 1,556,211	$ 1,556,211	0.00%	$ 1,556,211	0.00%
3DF0	800606	Federal Stimulus - Underground Storage Tank	$ 218,072	$ 5,391,551	$ 0	-100.00%	$ 0	N/A
3DX0	800626	Law Enforcement Seizure Funds	$ 47,046	$ 0	$ 0	N/A	$ 0	N/A
Federal Special Revenue Fund Group Total			**$ 2,377,435**	**$ 8,114,786**	**$ 2,685,729**	**-66.90%**	**$ 2,685,729**	**0.00%**
4B20	800631	Real Estate Appraisal Recovery	$ 10,000	$ 35,000	$ 35,000	0.00%	$ 35,000	0.00%
4H90	800608	Cemeteries	$ 209,012	$ 273,465	$ 268,067	-1.97%	$ 268,293	0.08%
4X20	800619	Financial Institutions	$ 1,200,261	$ 2,221,395	$ 2,186,271	-1.58%	$ 1,990,693	-8.95%
5440	800612	Banks	$ 4,981,506	$ 7,365,514	$ 7,242,364	-1.67%	$ 6,942,336	-4.14%
5450	800613	Savings Institutions	$ 1,727,353	$ 2,307,019	$ 2,257,220	-2.16%	$ 2,259,536	0.10%
5460	800610	Fire Marshal	$ 11,563,262	$ 15,226,967	$ 16,523,862	8.52%	$ 15,501,562	-6.19%
5460	800639	Fire Department Grants	$ 1,619,598	$ 1,698,802	$ 1,698,802	0.00%	$ 1,698,802	0.00%
5470	800603	Real Estate Education/Research	$ 8,000	$ 250,000	$ 125,000	-50.00%	$ 125,000	0.00%
5480	800611	Real Estate Recovery	$ 18,688	$ 50,000	$ 25,000	-50.00%	$ 25,000	0.00%
5490	800614	Real Estate	$ 2,563,516	$ 3,451,694	$ 3,413,708	-1.10%	$ 3,332,308	-2.38%
5500	800617	Securities	$ 3,492,265	$ 4,411,545	$ 4,312,434	-2.25%	$ 4,314,613	0.05%
5520	800604	Credit Union	$ 2,297,574	$ 3,627,390	$ 3,450,390	-4.88%	$ 3,450,390	0.00%
5530	800607	Consumer Finance	$ 3,808,024	$ 5,148,702	$ 3,613,016	-29.83%	$ 3,516,861	-2.66%
5560	800615	Industrial Compliance	$ 21,155,829	$ 28,206,094	$ 27,639,372	-2.01%	$ 27,664,695	0.09%

Line Item Detail by Agency

			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
COM	**Department of Commerce**							
5FW0	800616	Financial Literacy Education	$0	$ 350,000	$ 240,000	-31.43%	$ 240,000	0.00%
5GK0	800609	Securities Investor Education/Enforcement	$ 135,406	$ 485,000	$ 1,135,000	134.02%	$ 485,000	-57.27%
5HV0	800641	Cigarette Enforcement	$0	$ 0	$ 120,000	N/A	$ 120,000	0.00%
5K70	800621	Penalty Enforcement	$ 126,514	$ 150,000	$ 0	-100.00%	$ 0	N/A
5X60	800623	Video Service	$ 21	$ 34,476	$ 340,299	887.06%	$ 340,630	0.10%
6530	800629	UST Registration/Permit Fee	$ 1,138,619	$ 1,535,725	$ 1,854,675	20.77%	$ 1,509,653	-18.60%
6A40	800630	Real Estate Appraiser-Operating	$ 525,939	$ 664,006	$ 699,565	5.36%	$ 648,890	-7.24%
State Special Revenue Fund Group Total			**$ 56,581,385**	**$ 77,492,794**	**$ 77,180,045**	**-0.40%**	**$ 74,469,262**	**-3.51%**
7043	800601	Merchandising	$ 458,942,924	$ 488,434,277	$ 472,209,274	-3.32%	$ 0	-100.00%
7043	800627	Liquor Control Operating	$ 11,420,018	$ 14,313,346	$ 13,398,274	-6.39%	$ 10,110,479	-24.54%
7043	800633	Development Assistance Debt Service	$ 35,864,507	$ 52,412,800	$ 51,973,200	-0.84%	$ 0	-100.00%
7043	800636	Revitalization Debt Service	$ 14,227,569	$ 20,359,000	$ 21,129,800	3.79%	$ 0	-100.00%
Liquor Control Fund Group Total			**$ 520,455,018**	**$ 575,519,423**	**$ 558,710,548**	**-2.92%**	**$ 10,110,479**	**-98.19%**
Department of Commerce Total			**$ 651,908,320**	**$ 767,634,782**	**$ 729,717,658**	**-4.94%**	**$ 178,547,221**	**-75.53%**