

LSC Greenbook

Analysis of the Enacted Budget

Department of Commerce

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August 2015

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ATTACHMENT:

Budget Spreadsheet By Line Item

Department of Commerce

- Budget of \$381.0 million in the FY 2016-FY 2017 biennium
- Liquor Modernization Project implementation slated for completion in FY 2016
- Continued regulation of an array of institutions and professions as management of other state duties

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) issue liquor permits and, in conjunction with JobsOhio, manage the manufacture, distribution, and sale of all spirituous liquor 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. The merchandising responsibilities under the Division of Liquor Control are funded by payments from the nonprofit JobsOhio, as established by a contract between the two entities. Overall, as of June 2015, there were 797 full-time employees and 129 intermittent employees.

Appropriation Overview

Table 1 shows the appropriations for the Department by fund group. Overall, the budget appropriates \$190.0 million in FY 2016, a 1.7% decrease compared to FY 2015 spending of \$193.3 million agency wide. The budget appropriates \$191.0 million in FY 2017, a 0.6% increase when compared to FY 2016. Note that the agency receives no GRF funding. Rather, most of its budget is derived from license and inspection fees from the industries that the agency regulates. A smaller amount of funding comes from internal service charges and federal funds, specifically for the oversight of underground storage tanks.

Fund Group	FY 2015*	FY 2016	% change	FY 2017	% change
Dedicated Purpose	\$178,545,909	\$171,538,916	-3.9%	\$170,929,434	-0.4%
Internal Service Activity	\$12,254,081	\$15,492,763	26.4%	\$17,193,259	11.0%
Federal	\$2,482,425	\$2,924,999	17.8%	\$2,924,999	0%
TOTAL	\$193,282,415	\$189,956,678	-1.7%	\$191,047,692	.6%

*FY 2015 figures represent actual expenditures.

Budget by Functional Category

Table 2 shows the budget's funding allocations for the Department by functional category for the FY 2016-FY 2017 biennium. These categories correspond to the eight operating divisions within the Department, except for the Division of Financial Institutions and the Division of Securities, which are grouped together in this Greenbook. The Unclaimed Funds Program accounts for the greatest share of the budget, at \$143.5 million (37.7%) for FY 2016-FY 2017. Regulatory activities under the (1) Division of Industrial Compliance and Labor, (2) State Fire Marshal's Office, (3) Division of Financial Institutions and Division of Securities, as well as (4) Division of Real Estate and Professional Licensing combined account for \$171.1 million (44.9%) of the FY 2016-FY 2017 budget. The Division of Administration accounts for \$33.5 million (8.8%) of the spending. Finally, the Division of Liquor Control's liquor permitting and spirituous liquor franchise operations account for \$32.9 million (8.6%) of the total appropriations for the FY 2016-FY 2017 biennium.

Functional Category	FY 2015*	FY 2016	FY 2017	Biennium Total	% Total of Budget
Unclaimed Funds	\$86.1	\$71.8	\$71.8	\$143.5	37.7%
Industrial Compliance & Labor	\$24.0	\$27.9	\$28.3	\$56.2	14.8%
State Fire Marshal	\$28.1	\$29.4	\$29.0	\$58.3	15.3%
Financial Institutions & Securities	\$19.4	\$23.5	\$24.0	\$47.5	12.5%
Liquor Control	\$19.1	\$17.1	\$15.9	\$32.9	8.6%
Administration	\$12.5	\$15.9	\$17.6	\$33.5	8.8%
Real Estate & Prof. Licensing	\$4.1	\$4.5	\$4.5	\$9.0	2.4%
TOTAL	\$193.3	\$190.0	\$191.1	\$381.0	100%

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

*FY 2015 amounts represent actual expenditures.

Technology Initiatives in FY 2016-FY 2017

Liquor Modernization Project

Beginning in FY 2013, COM has been implementing the Liquor Modernization Project to replace a 30-year-old infrastructure supporting liquor control information technology, accounting, merchandising, and supply chain management systems. The

project will manage the state's spirituous liquor franchise operation. The project went live February 1, 2015 with IT upgrades to the retail part of the system that deals with liquor agency sales to consumers. The Department foresees implementing the upgrades to the part of the system that deals with wholesale sales to restaurants and bars in the fall of 2015. Ultimately, this system is designed to better manage inventory and improve cash flow timeliness. Overall, the Department estimates that the total cost of the project will be approximately \$21.4 million. Of that amount, the Department estimates that \$18.6 million has been spent thus far, with the remaining amounts to be spent in FY 2016 and FY 2017.

Transfer of Certain Technology Assets

Beginning in the second quarter of FY 2016, the Department will transfer certain technology assets, maintenances, and functions to the Department of Administrative Services (DAS) Office of Information Technology. Network systems and some hardware will be managed by DAS and the State of Ohio Computing Center (SOCC), while the software and software support will remain under the Department of Commerce. DAS establishes fees for services on an annual basis which are volume and activity based. The increases in appropriations for FY 2017 for many of the line items under the divisions of Administration, Financial Institutions, and Securities, generally are attributable to this agreement. While these divisions will have a heavier cash outlay at the outset of this initiative, this is expected to decrease technology costs for the Department in the future.

Statutory Changes in H.B. 64

Unclaimed Funds Law Changes

The most significant change in law affecting the Department deals with the treatment of U.S. savings bonds under the unclaimed funds law. Specifically, the budget creates a presumption that a U.S. savings bond constitutes unclaimed funds if: (1) the bonds are held or owing in Ohio by any person, or issued or owed in the course of a holder's business, or by a governmental entity, (2) the bond owner's last known address is in Ohio, and (3) the bond has remained unclaimed and unredeemed for three years after final maturity. Bonds that are presumed abandoned and are considered unclaimed funds become property of the state three years after becoming abandoned and unclaimed property. However, the Director of Commerce must commence a civil action to gain legal title to the bond. Once this step occurs, the Director must redeem the bonds. After paying the costs of collection, the remaining proceeds are disposed of in the same manner as other unclaimed funds. The bill also creates a procedure by which persons claiming ownership of or proceeds from the bond, may be paid. As part of this process, the Director may pay the claim less any expenses the state incurred to gain title to the bond. As a result of these changes, there will be a gain in revenue derived from

these sources into the state Unclaimed Funds Trust Fund (Fund 5430). Nationally, the U.S. Treasury is holding \$16.00 billion in unredeemed savings bonds that have matured and are no longer earning interest. According to COM, Ohio's portion of these savings bonds is estimated to be more than \$800.0 million.

Other Statutory Changes

There are several statutory changes in H.B. 64 that have a minimal fiscal effect on the Department. Such changes include a security license exemption, allowing local government building departments to perform certain functions for park districts, several liquor permit changes, and real estate license changes for armed servicepersons. A detailed description of each change and the fiscal effect can be found under the appropriate section in the "**Analysis of Enacted Budget.**"

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the 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 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 in H.B. 64. If the appropriation is earmarked, the earmarks are listed and described. Any significant statutory changes or uncodified law that might have a fiscal effect on a division's operations are also discussed. The seven categories used in this analysis are as follows:

1. Unclaimed Funds;
2. Industrial Compliance and Labor;
3. State Fire Marshal;
4. Financial Institutions and Securities;
5. Liquor Control;
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 H.B. 64			
Fund	ALI and Name		Category
Dedicated Purpose 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
5430	800602	Unclaimed Funds – Operating	1: Unclaimed Funds
5430	800625	Unclaimed Funds – Claims	1: Unclaimed Funds
5440	800612	Banks	4: Financial Institutions and Securities
5450	800613	Savings Institutions	4: Financial Institutions and Securities
5460	800610	Fire Marshal	3: State Fire Marshal
5460	800639	Fire Department Grants	3: 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	2: Industrial Compliance and Labor
5F10	800635	Small Government Fire Departments	3: State Fire Marshal
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	3: State Fire Marshal
5LC0	800644	Liquor JobsOhio Extraordinary Allowance	5: Liquor Control
5LN0	800627	Liquor Operating Services	5: Liquor Control
5LP0	800646	Liquor Regulatory Operating Expenses	5: Liquor Control
5PA0	800647	BUSTR Revolving Loan Program	3: State Fire Marshal
5X60	800623	Video Service	6: Administration
6530	800629	UST Registration/Permit Fee	3: State Fire Marshal
6A40	800630	Real Estate Appraiser – Operating	7: Real Estate and Professional Licensing
Internal Service Activity Fund Group			
1630	800620	Division of Administration	6: Administration
1630	800637	Information Technology	6: Administration
Federal Fund Group			
3480	800622	Underground Storage Tanks	3: State Fire Marshal
3480	800624	Leaking Underground Storage Tanks	3: State Fire Marshal

Category 1: 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 to the GRF.

Appropriations for Unclaimed Funds				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5430	800602	Unclaimed Funds – Operating	\$7,764,160	\$7,779,076
5430	800625	Unclaimed Funds – Claims	\$64,000,000	\$64,000,000
Dedicated Purpose Fund Group Subtotal			\$71,764,160	\$71,779,076
Total Funding: Unclaimed Funds			\$71,764,160	\$71,779,076

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. The Division is a part of the Ohio Business Gateway, which allows businesses to electronically file reports and remit funds into the state's unclaimed funds account using the Automated Clearing House (ACH). This has increased unclaimed funds visibility and presumably resulted in higher amounts of funds reported to the state.

Another expansion of electronic accessibility to unclaimed funds occurred in FY 2012. Specifically, the Division developed a customer service tool on the website to initiate claims and check on the claim's status while it is being reviewed by staff. Called "Online Treasure Hunt," this web feature allows for the public to search for unclaimed funds and to initiate the claims process. Approximately 78.0% of all claims initiated in FY 2014 were through this search function. This represented approximately 48.0% (\$35.9 million) of the total amount returned to Ohioans. The Department plans on continuing to expand the electronic accessibility to unclaimed funds by developing an online claims filing process in the FY 2016-FY 2017 biennium.

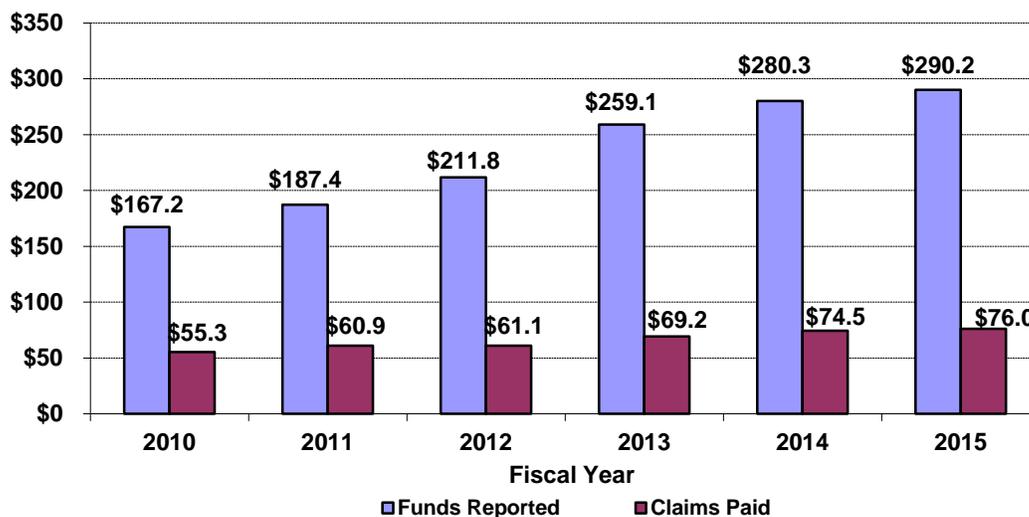
The budget funds the line item at \$7.8 million in each fiscal year of the biennium to fund the administrative expenses of the Division, a decrease of about 24.2% over FY 2015 spending for this purpose.

Unclaimed Funds – Claims (800625)

This line item pays claims from unclaimed funds reported pursuant to R.C. Chapter 169. 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. These unclaimed funds are held in a custodial account under the Treasurer of State.

Until the rightful owner is located, unclaimed funds support economic development throughout Ohio. The Ohio Development Services Agency 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. Chart 1 below summarizes the unclaimed funds reported and claims paid from FY 2010 to FY 2014. The chart also shows that \$76.0 million was paid in FY 2015, which is \$1.3 million higher than FY 2014.

Chart 1: Unclaimed Funds Reported and Claimed (in millions)



The budget provides funding of \$64.0 million in both FY 2016 and FY 2017 to pay unclaimed funds claims, a 15.6% decrease from FY 2015 spending for this purpose. Because there is always the potential that claims made exceed the amount appropriated, the budget includes language appropriating the additional amounts as needed. As mentioned in the "Overview," H.B. 64 creates a presumption that a U.S. savings bond constitutes unclaimed funds under the Unclaimed Funds Law under certain conditions. This will result in a gain to the state Unclaimed Funds Trust Fund (Fund 5430).

Category 2: 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 Bureau of Wage and Hour Administration, which enforces the prevailing wage, minimum wage, and minor labor laws, is also included in this category.

Appropriations for Industrial Compliance and Labor				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5560	800615	Industrial Compliance	\$27,882,765	\$28,318,049

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, as well as the operations of the Bureau of Wage and Hour Administration, which enforces the prevailing wage, minimum wage, and minor labor laws. This line item is supported through fees assessed to the regulated entities. The budget provides \$27.9 million in funding in FY 2016, a 16.4% increase from FY 2015 spending of \$24.0 million. The FY 2017 appropriation is \$28.3 million, 1.6% higher than the FY 2016 appropriation. Funding levels for the various bureaus and programs under the auspices of the Division of Industrial Compliance and Labor are provided in the table below.

Fund 5560, ALI 800615, Industrial Compliance Program Funding Summary (in millions)		
Program	FY 2016	FY 2017
Operations and Maintenance	\$10.1	\$10.3
Program Administration	\$6.9	\$7.2
Building Code Compliance	\$6.0	\$6.0
Building Code	\$2.7	\$2.6
Bureau of Wage and Hour Administration	\$1.1	\$1.2
Ohio Construction Industry Licensing Board	\$1.1	\$1.1
TOTAL	\$27.9	\$28.3

Operations and Maintenance

The Operations and Maintenance Program oversees various industrial functions: (1) responsibility for the proper operation and maintenance of critical systems including boilers, elevators, and escalators, (2) inspections of bedding, upholstered furniture, and ski lifts, and (3) licensure of steam engineers and boiler operators. The program performs approximately 59,000 elevator inspections, almost 32,000 boiler inspections, and over 7,900 bedding and upholstered furniture inspections, in addition to licensing

over 10,700 boiler operators, steam engineers, and historical boilers. 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, and ski lifts. The Operations and Maintenance Program has the largest budget of the Division's programs at around \$10.1 million in FY 2016 and \$10.3 million in FY 2017.

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 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 budget appropriates \$6.9 million in FY 2016 and \$7.2 million in FY 2017 for program oversight. The appropriation provides for the cost of automating 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. This has allowed more control over scheduling of field personnel and inspections.

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 2014, the Bureau reviewed about 5,600 architectural plans and performed over 26,000 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. This program is slated for funding of \$6.0 million in both FY 2016 and FY 2017.

Statutory Change – Local Government Building Departments and Park Districts

H.B. 64 includes a change that enables certified local government building departments to issue building permits, conduct inspections, and conduct certain other administrative actions in relation to a park district upon approval of that particular board of park commissioners. Currently, buildings constructed by park districts that are created pursuant to Chapter 1545 of the Revised Code must be inspected by state building inspectors rather than local inspectors. As a result, this provision may minimally decrease administrative costs for the Building Code Compliance Program whose staff would otherwise inspect these park districts.

Building Code

The Building Code Program supports the Board of Building Standards (BBS), which formulates and adopts rules governing building construction, repair, alteration, 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).

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 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. There is also a \$200 fee for each building appeal. Total funding for these boards is \$2.7 million in FY 2016 and \$2.6 million in FY 2017.

Bureau of Wage and Hour Administration

The Bureau of Wage and Hour Administration enforces the minimum wage and overtime, prevailing wage, and minor labor laws. The Bureau investigates complaints and, upon making determinations, collects back wages and penalties owed to workers. In FY 2014, the Bureau completed 886 investigations. Approximately 88.0% were minimum wage investigations, conducted on employers who allegedly did not pay workers minimum wage or overtime. About 10.0% of the investigations were on prevailing wage rates, which are rates required to be paid to employees who work on public improvement construction projects as defined under R.C. 4115.03. Fourteen investigations in FY 2014 were related to wages paid to minors. Overall, funding for the Bureau is \$1.1 million in FY 2016 and \$1.2 million in FY 2017.

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 18,900 active licenses in the above trades as

of the end of FY 2014. Of that amount, around 6,500 electrical, 4,400 HVAC, 1,900 hydronic, 4,600 plumbing, and 1,500 refrigerator contractors were licensed in FY 2014. The Board is funded by license examination, issuance, and renewal fees as well as various continuing education course approval and training provider fees. Funding for the Board is \$1.1 million in each fiscal year of the FY 2016-FY 2017 biennium.

Category 3: State Fire Marshal

The appropriations in this category fund the operations of the Office of the State Fire Marshal, which provides protection to the citizens of Ohio from the dangers of fire and explosions and protects the environment from releases of petroleum from underground storage tanks. The State Fire Marshal 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.

Appropriations for State Fire Marshal				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5460	800610	Fire Marshal	\$17,153,766	\$16,746,648
5460	800639	Fire Department Grants	\$5,200,000	\$5,200,000
5F10	800635	Small Government Fire Departments	\$300,000	\$300,000
5HV0	800641	Cigarette Enforcement	\$70,000	\$70,000
5PA0	800647	BUSTR Revolving Loan Program	\$1,500,000	\$1,500,000
6530	800629	UST Registration/Permit Fee	\$2,201,943	\$2,245,208
Dedicated Purpose Fund Group Subtotal			\$26,425,709	\$26,061,856
Federal Fund Group				
3480	800622	Underground Storage Tanks	\$1,129,518	\$1,129,518
3480	800624	Leaking Underground Storage Tanks	\$1,795,481	\$1,795,481
Federal Fund Group Subtotal			\$2,924,999	\$2,924,999
Total Funding: State Fire Marshal			\$29,350,708	\$28,986,855

Fire Marshal (800610)

This line item provides the primary operating funds for the administration of the Office of the State Fire Marshal and programs operated by the State Fire Marshal. The State Fire Marshal Fund (Fund 5460) is the division's primary operating fund, and is supported by a 0.75% surcharge on fire insurance premiums, 20.0% 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 budget appropriates \$17.2 million in FY 2016, a 4.8% decrease when compared to FY 2015 spending of approximately \$18.0 million. Funding for FY 2017 is \$16.7 million, a 2.4% decrease when compared to the FY 2016 appropriation. Appropriations by program and descriptions of those programs are provided below.

Fund 5460, ALI 800610, Fire Marshal, Program Funding Summary (in millions)		
Program	FY 2016	FY 2017
Program Administration	\$4.0	\$4.1
Ohio Fire Academy	\$3.8	\$3.3
Code Enforcement	\$3.1	\$3.3
Investigations	\$3.2	\$3.1
Fire Prevention	\$1.2	\$1.3
Forensic Lab	\$1.0	\$1.0
Testing and Registration	\$0.8	\$0.6
TOTAL	\$17.2	\$16.8

Program Administration

This program provides for the administration of the Office of the State Fire Marshal and its eight operating bureaus. The program funds salaries and fringe benefits for administration, including 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. There are around 158 full-time permanent employees throughout the Office. The budget provides \$4.0 million in FY 2016 and \$4.1 million in FY 2017 for these purposes.

Ohio Fire Academy

The Ohio Fire Academy conducts fire-related training courses for firefighters and emergency responders across the state. The program also funds replacement of vehicles and specialized firefighting equipment. Training, which is conducted at the Academy facilities and onsite throughout the state, includes firefighting, antiterrorism response, and urban search and rescue. In FY 2014, approximately 8,000 emergency responders trained both on campus and off campus near their local department. The Academy maintains national accreditation for the various levels of firefighter training. The budget provides \$3.8 million in FY 2016 and \$3.3 million in FY 2017 for these purposes.

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. The Department reports that its workload has been increasing in recent years due to inspections required for new construction of state buildings and universities, hotels, and nursing homes. Additionally, inspections have increased due to local fire departments reducing or eliminating fire investigation,

training, and inspection staff. This responsibility then falls to the State Fire Marshal, increasing caseload. The budget appropriates \$3.1 million in FY 2016 and \$3.3 million in FY 2017 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 has three accelerant detection canine teams to assist in recovering evidence at arson crime scenes and operates the Major Incident Response Vehicle, which has sensitive and specialized communications equipment to be used in any type of disaster or fire, arson, or bombing incident. The budget appropriates approximately \$3.2 million in FY 2016 and \$3.1 million in FY 2017.

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 (1) operates the Public Fire Safety Decal Program for volunteer firefighters, (2) provides fire safety courses for health care facility certification, smoke alarms to high-risk families, support for special public recognition events, and support of fire safety fairs, and (3) trains local fire department personnel. The Fire Prevention Program conducted around 2,500 fire safety programs for 72,600 Ohioans and distributed almost 270,000 pieces of fire safety literature in FY 2014. The budget appropriates \$1.2 million in FY 2016 and \$1.3 million in FY 2017 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 2014, the laboratory examined 707 cases. Funding of \$998,128 in FY 2016 and \$1,019,117 in FY 2017 is provided for this program.

Testing and Registration

The Testing and Registration Bureau licenses companies and individuals in the fire protection industry; the hotel and motel business; fireworks exhibitors, manufacturers, wholesalers, and shippers; and underground storage tank operators and those who install and inspect those tanks. This program issued over 50,800 licenses in FY 2014, generating \$2.7 million in fee revenue for various funds servicing State Fire Marshal operations. The budget allocates \$842,071 in FY 2016 and \$621,485 in FY 2017 for this program.

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 budget appropriates \$5.2 million in each fiscal year, a 0.1% increase from FY 2015 spending. Of the amount appropriated, \$1.7 million each fiscal year may be used for equipment and training grants. Under this 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. These grants 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, gear, or 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.

Another grant funded by this line item is the multi-agency radio communication system (MARCS) grant. Of the amount appropriated, up to \$3.0 million in each fiscal year can be used for the MARCS grants. This grant program helps offset the costs that local fire departments incur for MARCS-related radio equipment and services and to promote the interoperability between fire responders. Eligible recipients are the same as fire equipment and training grants as mentioned above. However, grants are limited to \$50,000 in each fiscal year per grant recipient.

Additionally, up to \$500,000 in each fiscal year may go towards the Firefighter I Training Grant Program. These grants are awarded to fire training schools to provide training to newly hired or volunteer firefighters at no cost to the local government. Fire

training schools apply through the State Fire Marshal and are awarded on a first-come, first-served basis.

Lastly, earmark language in H.B. 64 temporary law requires that \$500,000 in FY 2016 from the line item be awarded to Jefferson Township in Clinton County. The funding will be used by Jefferson Township to build a new firehouse.

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 95.0% 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 budget provides funding of \$300,000 in each fiscal year, a decrease of 69.9% compared to FY 2015 spending of approximately \$997,000. However, H.B. 64 gives the Director of Budget and Management the authority, upon the request of the Department of Commerce's Director, to transfer up to \$300,000 from Fund 5460 to Fund 5F10 for the purpose of this program.

Cigarette Enforcement (800641)

The budget provides funding of \$70,000 in each fiscal year under Fund 5HV0 appropriation item 800641, Cigarette Enforcement. This line item is used to fund the functions of the Cigarette Enforcement Program, which certifies cigarettes as meeting reduced ignition propensity standards. 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.

Currently, there are 1,217 brand families certified. "Brand family" refers to the various types of cigarettes, such as lights, menthols, 100s, 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 type of brand family included in an application. Proceeds from the fee are deposited into the Cigarette Enforcement Fund (Fund 5HV0).

Underground Storage Tanks (800647, 800629, 800622, and 800624)

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. Additionally, the Bureau regulated the investigation and cleanup of approximately 3,600 suspected and confirmed releases of petroleum into the environment during FY 2014.

800647

Appropriation item 800647, BUSTR Revolving Loan Program, pays for the BUSTR Revolving Loan Program to assist political subdivisions and community improvement corporations in rehabilitating abandoned underground storage tank sites by offering interest-free loans. The State Fire Marshal began accepting applications for loans in FY 2015 and consequently have not loaned any funds for this program. H.B. 64 provides funding of \$1.5 million in each fiscal year for this program.

The revolving loan program was originally created under H.B. 59, the main operating budget act of the 130th General Assembly. The program was initially funded under the Underground Storage Tank Administration Fund (Fund 6530) line item 800629, UST Registration/Permit Fee. Under the mid-biennium budget review act of the 130th General Assembly, the Underground Storage Tank Revolving Loan Fund (Fund 5PA0) was created as a distinct account to fund this program, but it still is funded by revolving loan repayments which are deposited into Fund 5PA0.

800629

Appropriation item 800629, UST Registration/Permit Fee, provides funding for underground storage tank regulation and is supported by annual tank registration fees and permits. This line item provides the state matching funds required for BUSTR's federal funding. The budget appropriates \$2.2 million in both FY 2016 and FY 2017, a 57.2% increase compared to FY 2015 spending of \$1.4 million.

800622

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 budget provides funding of \$1.1 million in each fiscal year, a 16.6% increase from FY 2015 spending of approximately \$969,000.

800624

Appropriation item 800624, Leaking Underground Storage Tanks, provides the federal funds necessary to evaluate and cleanup leaking underground storage tanks containing petroleum. Federal funding for this program requires a 10.0% state match. Funding for this line item is approximately \$1.8 million in each fiscal year, an 18.6% increase compared to FY 2015 spending of \$1.5 million.

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 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.

Appropriations for Financial Institutions and Securities				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
4X20	800619	Financial Institutions	\$1,854,298	\$1,854,298
5440	800612	Banks	\$6,867,039	\$6,885,074
5450	800613	Savings Institutions	\$2,464,495	\$2,533,005
5500	800617	Securities	\$4,421,403	\$4,577,915
5520	800604	Credit Union	\$3,343,696	\$3,374,104
5530	800607	Consumer Finance	\$3,946,050	\$4,138,634
5FW0	800616	Financial Literacy Education	\$190,000	\$190,000
5GK0	800609	Securities Investor Education/Enforcement	\$432,150	\$432,150
Total Funding: Financial Institutions and Securities			\$23,519,131	\$23,985,180

Division of Financial Institutions

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. 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 budget appropriates \$1.9 million in both FY 2016 and FY 2017 for these functions, an increase of 18.5% over FY 2015 spending of \$1.6 million related to these responsibilities.

Banks (800612)

This line item funds the regulation of state-chartered banks, trust companies, and money transmitters. The budget provides funding of \$6.9 million for this line item for each fiscal year of the FY 2016-FY 2017 biennium, a 29.2% increase from FY 2015 spending of \$5.3 million. The vast majority of funding in this line item, about 88%, is programmed toward bank regulation while the balance, about \$800,000 per year, funds the regulation of money transmitters.

Banks

The Banks Program supervises 85 state-chartered banks. 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 onsite field examinations and off-site surveillance and monitoring. Program staff coordinates supervisory activities with the applicable federal regulatory agencies, the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC). While Banks Program staff coordinates with their federal counterparts, they also compete with them to maintain bank charters due to the dual regulatory environment within the financial services industry.

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. Application, examination, and investigation fees paid by banks also help fund the program. These fees are deposited into the Banks Fund (Fund 5440). FY 2015 revenues from these sources (including application and license fees paid by money transmitters, which are discussed below) were \$5.5 million.

Money Transmitters

The Money Transmitters Program provides for the licensing, supervision, and regulation of the 65 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 the state.

Consumer Finance (800607)

Funding for Fund 5530 appropriation item 800607, Consumer Finance, is \$3.9 million in FY 2016, a 12.0% increase compared to spending of about \$3.5 million for FY 2015. The budget appropriates \$4.1 million for this line item in FY 2017, or 4.9% over the FY 2016 appropriation. This line item pays the costs associated with regulating the consumer finance or nondepository lending industries. A small portion of the line item (around \$244,000 in FY 2016 and FY 2017) funds the Office of Consumer Affairs, which educates Ohioans on borrowing, refers borrowers to credit counseling services, receives

complaints of alleged violations of Division-administered statutes, contacts the persons that are the subject of the complaint, and forwards possible violations for administrative action.

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 2014, this section oversaw around 10,907 active licenses. These regulatory functions are funded through annual fees paid by the various consumer finance providers. The receipts are deposited into the Consumer Finance Fund (Fund 5530).

Credit Unions (800604)

Fund 5520 appropriation item 800604, Credit Unions, supports regulatory activities under the Credit Unions Program. The program is funded by a semiannual assessment on the gross assets of credit unions. Actual spending in FY 2015 amounted to \$2.8 million. The budget provides \$3.3 million in FY 2016 and \$3.4 million in FY 2017 for these various purposes. The supervision and regulation of state-chartered credit unions includes onsite 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, the Division of Financial Institutions 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 149 state-chartered credit unions with total aggregated assets of \$16.4 billion in FY 2014. 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.

Savings Institutions (800613)

The Savings Institutions Program is responsible for the supervision and regulation of 22 state-chartered savings and loan associations and 21 state-chartered savings banks. As of June 30, 2014, these institutions had combined assets of approximately \$10.0 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, the Division of Financial Institutions 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 approximately \$4.5 million in FY 2015. The budget includes funding of \$2.5 million in each fiscal year for these activities under Fund 5450 appropriation item 800613, Savings Institutions.

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. The initial funding for these programs was provided through a transfer of 5.0% of the cash balance (just under \$500,000) from the Consumer Finance Fund (Fund 5530) to the Financial Literacy Education Fund (Fund 5FW0) in FY 2009. On an ongoing basis, Fund 5FW0 receives a small amount of revenue, amounting to 5.0% of all charges, penalties, and forfeitures received by Fund 5530. The budget provides \$190,000 for this program in each fiscal year of the FY 2016-FY 2017 biennium. There were no expenditures for this line item in FY 2015.

Division of Securities

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 and makes referrals for criminal prosecution. In FY 2014, the Division of Securities reviewed over 6,300 securities registration and exemption filings and licensed nearly 169,000 securities professionals and investment officers. H.R. 4173, the Frank/Dodd Financial Reform Act of 2010, expanded 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 \$100.0 million in assets under management.

The budget appropriates \$4.4 million for this line item in FY 2016, an increase of 10.2% from FY 2015 spending of \$4.0 million. Funding for FY 2017 is \$4.6 million, an increase of just under 4.0% compared to the FY 2016 appropriation. These appropriations are supported by revenue from license application and renewal fees for various securities industry professionals and from securities registration and exemption filings that are deposited into the Division of Securities Fund (Fund 5500). Customarily, the income from fees collected each year is in excess of the total funding required to operate the Division. This allows for cash transfers of the excess to the GRF. In FY 2015, Fund 5500 transferred \$10.0 million to the GRF.

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. These sums are subsequently deposited into the Securities Investor Education and Enforcement Expense Fund (Fund 5GK0). To supplement this funding, Fund 5GK0 is periodically seeded with cash transfers from the Division of Securities Fund (Fund 5500). H.B. 64 appropriates \$432,150 for this line item in FY 2016 and FY 2017, an increase from FY 2015 spending of \$76,186 for these purposes.

Category 5: Liquor Control

This category of appropriations funds the control of the manufacture, distribution, pricing, and sale of alcoholic beverages in Ohio, functions overseen by the Division of Liquor Control. In FY 2013, the state transferred Ohio's exclusive liquor merchandising rights to JobsOhio, the state's private, nonprofit economic development corporation, for 25 years in exchange for an estimated \$1.3 billion. Under the transfer agreement, referred to as the Operating Services Agreement, JobsOhio became the state's sole purchaser and distributor of spirituous liquor, but contracted with the state to merchandise spirituous liquor and provide ongoing regulatory oversight of liquor sales. The state received payments from JobsOhio for these services. Under this arrangement, many of the costs the Division incurred in previous fiscal years are now paid for by JobsOhio, including (1) liquor inventory and shipping, and (2) liquor agency store commissions. Consequently, these costs are no longer part of the Division of Liquor Control's budget.

Appropriations for Liquor Control				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5LC0	800644	Liquor JobsOhio Extraordinary Allowance	\$288,818	\$276,817
5LN0	800645	Liquor Operating Services	\$7,220,460	\$6,920,435
5LP0	800646	Liquor Regulatory Operating Expenses	\$9,565,654	\$8,664,644
Total Funding: Liquor Control			\$17,074,932	\$15,861,896

Liquor Operating Services (800645)

This line item is used to pay for the cost of the Division's liquor merchandising operations under the Operating Services Agreement with JobsOhio. The agreement calls for JobsOhio to make quarterly payments to cover these expenses. The Division's budget for liquor merchandising is agreed upon biennially to align with state budget periods, but may be adjusted when necessary after consulting with JobsOhio. Payments from JobsOhio are made quarterly and deposited into the Liquor Operating Services Fund (Fund 5LN0) to support the merchandising operations. This line item also funds the Liquor Modernization Project which, as mentioned in the "**Overview**," is expected to be completed in CY 2015.

The appropriations for the Division's merchandising expenses are \$7.2 million in FY 2016, a 38.9% decrease compared to FY 2015 spending of \$11.8 million. Funding in FY 2017 is \$6.9 million. The decrease in funding reflects the fact that the Liquor Modernization Project, to which extra money had been devoted, is scheduled to be completed in FY 2016.

Liquor JobsOhio Extraordinary Allowance (800644)

This line item serves as a contingency account as part of the Operating Services Agreement with JobsOhio. As described above, the quarterly payments received from JobsOhio are deposited into the Liquor Operating Services Fund (Fund 5LN0). However, 4.0% of these payments are set aside as a contingency and placed in a separate state fund, Fund 5LC0. Specifically, Fund 5LC0, line item 800644, Liquor JobsOhio Extraordinary Allowance, would be tapped to pay for any unanticipated costs that could not be covered by the quarterly payments from JobsOhio that are deposited into Fund 5LN0 and appropriated under line item 800645, Liquor Operating Services. This provides a stopgap until the Controlling Board authorizes additional appropriations from Fund 5LN0. H.B. 64 appropriates \$288,818 for this line item in FY 2016 and \$276,817 in FY 2017 for these contingency purposes.

Liquor Regulatory Operating Expenses (800646)

This line item pays for the Director of Liquor Control's permitting and compliance duties relating to the regulation of the state liquor control law. The program (1) licenses the manufacture, distribution, and sale of all alcoholic beverages in Ohio, (2) issues new liquor permits, and (3) renews and transfers existing liquor permits. In FY 2015 the Division issued 1,577 new permanent permits and 7,174 temporary permits, and renewed 26,325 permits. Overall, the Division was responsible for licensing the operation of over 26,000 manufacturers, distributors, and retailers of alcoholic beverages throughout the state in FY 2015.

In contrast to the line items that support the cost of liquor merchandising, the line item is funded by liquor permit fee revenue received into the Undivided Liquor Permit Fund (Fund 7066) that is subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0). After accounting for permitting oversight costs covered under this line item and the operating costs of the Liquor Control Commission, excess Fund 5LP0 revenue is credited to the GRF. The budget provides approximately \$9.6 million in FY 2016, an increase of about 37.5% for this line item compared to FY 2015 spending of \$7.0 million. The amount appropriated for FY 2017 is \$8.7 million, a 9.4% decrease from the FY 2016 appropriation. The increase in appropriations is a result of IT costs associated with implementing the Division's online licensing application functionality.

Statutory Changes – Liquor Permit Changes

H.B. 64 changes several liquor permit requirements for certain liquor permits. One modification is to the D-5j liquor permit. H.B. 64 alters the required population of one type of municipal corporation where a D-5j liquor permit may be issued in a community entertainment district by specifying that the municipal corporation must have a population between 7,000 and 20,000 rather than between 10,000 and 20,000. Potentially 41 municipal corporations could qualify under the new population thresholds. Another modification is to the D-5l liquor permit. The budget authorizes the Division of Liquor Control to issue a D-5l liquor permit to a premise in a revitalization

district that is located in a township with a population density of less than 450 people per square mile. Under this modification, 1,207 townships could qualify for this permit. The fee for D-5j and D-5l liquor permits is \$2,344 each.

H.B. 64 also allows the Department to issue a D-6 liquor permit to a D-liquor permit holder that is a retail food establishment of food service operation and is located in a state park that has a working farm on its property. Currently, this only applies to one establishment. The fee for a D-6 liquor permit ranges from \$400 to \$500.

Lastly, the budget allows retail carryouts that hold both a C-1 (beer) and C-2 liquor permit (wine and mixed beverages), or a C-2x liquor permit within a municipal corporation or township with a population of 15,000 or less, to obtain a D-8 liquor permit (a beer, wine, or and mixed beverage tasting permit). The fee for a D-8 liquor permit is \$500.

All of these liquor permit changes could result in more establishments obtaining a liquor permit. Consequently, there may be a potential minimal gain in permit fee revenue collected by the Division. As mentioned previously, liquor permit fees are deposited into the Undivided Liquor Permit Fund (Fund 7066), which are subsequently distributed to the State Regulatory Fund (Fund 5LP0). Fund 5LP0 is used by the Division of Liquor Control (45%), the local taxing district where the permit is issued (35%), and the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Mental Health and Addiction Services (20%).

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.

Appropriations for Administration				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5X60	800623	Video Service	\$383,792	\$389,110
Dedicated Purpose Fund Group Subtotal			\$383,792	\$389,110
Internal Service Activity Fund Group				
1630	800620	Division of Administration	\$7,700,000	\$7,700,000
1630	800637	Information Technology	\$7,792,763	\$9,493,259
Internal Service Activity Fund Group Subtotal			\$15,492,763	\$17,193,259
Total Funding: Administration			\$15,876,555	\$17,582,369

Video Service (800623)

This line item supports the Video Service Authorization Program under which the Division of Administration reviews video service authorization applications. Video service authorizations are valid for ten years. To date, the Department has authorized 57 video service franchises since the statewide program started 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 forgone fee revenue that had been generated under the old agreements, a video service provider fee 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). The budget provides \$383,792 in FY 2016, a 32.3% increase compared to FY 2015 spending of \$290,124 in this area. The amount budgeted for FY 2017 is \$389,110.

Division of Administration (800620)

The budget provides \$7.7 million in each fiscal year for this line item, a 24.2% increase over FY 2015 spending of \$6.2 million. 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. 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. Uncodified law in H.B. 64 requires the Office of Budget and Management to approve how these assessments are calculated on an annual basis. These assessments generated approximately \$10.5 million in FY 2015.

Information Technology (800637)

This line item funds the Information Technology Group (ITG), which is responsible for developing, maintaining, and protecting the Department's computer systems, network, electronic business applications, and electronic data. ITG provides (1) technical support via the Department of Commerce Help Desk, (2) direction to division staff on industry standards regarding the purchase of hardware and software, (3) development and maintenance of the Department's website, and (4) internal support for the creation and implementation of systems using new technology.

As with the appropriation item above, Fund 1630 appropriation item 800637, Information Technology, 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. H.B. 64 funds the line item at \$7.8 million in FY 2016, a 28.7% increase compared to FY 2015 spending of just over \$6.0 million for these purposes. The budget appropriates \$9.5 million for this area in FY 2017. The increased appropriation is the expected cost of transferring certain technology assets, maintenances, and functions to DAS's Office of Information Technology within the FY 2016-FY 2017 biennium. Network systems and some hardware will be managed by DAS and the State of Ohio Computing Center (SOCC), while the software and software support will remain under the Department of Commerce. DAS establishes fees for services on an annual basis which are volume and activity based. While there will be a heavier cash outlay at the outset of this initiative, this is expected to decrease technology costs for the Department in the future.

Category 7: Real Estate and Professional Licensing

This category of appropriations provides funding for the licensure and regulation of real estate brokers, salespersons, appraisers, and registers foreign real estate property, and registers and investigates complaints involving Ohio cemeteries. All of these activities are regulated by the Division of Real Estate and Professional Licensing.

Appropriations for Real Estate and Professional Licensing				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
4B20	800631	Real Estate Appraisal Recovery	\$35,000	\$35,000
4H90	800608	Cemeteries	\$274,080	\$278,352
5470	800603	Real Estate Education/Research	\$69,655	\$69,655
5480	800611	Real Estate Recovery	\$50,000	\$50,000
5490	800614	Real Estate	\$3,374,714	\$3,409,090
6A40	800630	Real Estate Appraiser – Operating	\$684,978	\$692,170
Total Funding: Real Estate and Professional Licensing			\$4,488,427	\$4,534,267

Real Estate Recovery and Real Estate Appraisal 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. The Real Estate Appraiser Recovery Fund (Fund 4B20) is supported through a \$50 assessment on new real estate appraiser license/certification applications. H.B. 64 appropriates a total of \$85,000 for these line items in each year of the FY 2016-FY 2017 biennium. There were no expenditures for these two line items in FY 2015. Uncodified law in H.B. 64 allows the Office of Budget and Management to transfer up to \$500,000 from Fund 5480 and up to \$250,000 from Fund 4B20 to the Division of Real Estate Fund (Fund 5490) during the biennium.

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. As of June 30, 2014, there are about 3,600 cemeteries registered. Burial permit fees are the main source of revenue for this program. During FY 2015, revenue to the Cemetery Registration Fund (Fund 4H90) from burial permits and cemetery registrations and renewals amounted to \$292,638. The budget includes funding of \$274,080 in FY 2016 and \$278,352 in FY 2017 for these activities.

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 funds loans of up to \$2,000 to applicants for salespersons licenses to help defray the cost of statutory education requirements. These activities are funded by \$1 from each real estate broker and salesperson application fee and \$3 from each real estate broker and salesperson license renewal fee. The budget provides funding of \$69,655 in each fiscal year of the biennium for these education and research programs, an increase from FY 2015 spending of \$39,422 for these purposes.

Statutory Change – Real Estate Education and Research Fund Loans

With regard to the loan program, H.B. 64 increases from \$10,000 per fiscal year to \$25,000 per fiscal year the amount of loans that may be advanced to applicants for salesperson licenses from the Real Estate Education and Research Fund (Fund 5470). This change may result in an increase in expenditures from Fund 5470 appropriation item 800603, Real Estate Education/Research, as a result of the increased limit on the amount of loans allowed per fiscal year.

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 2014, over 42,300 brokers and salespersons were licensed by the Division of Real Estate and Professional Licensing.

The line item is funded by license fees paid by real estate brokers and salespersons. License fees range from \$60 to \$175 and are deposited into the Real Estate Fund (Fund 5490). Fee revenue is affected by the license renewal cycle which is every three years. The July 2015 balance in Fund 5490 is \$2.3 million. The budget appropriates approximately \$3.4 million in FY 2016, an increase of 6.5% compared to FY 2015 spending of \$3.2 million, with an additional small increase of about 1.0% in FY 2017 for oversight of real estate licensing.

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 2014, the program oversaw approximately 3,200 active real estate appraisers and real estate

appraiser assistants in the state. The budget funds these operations with \$684,978 in FY 2016 and \$692,170 in FY 2017.

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FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

					Appropriation	FY 2015 to FY 2016	Appropriation	FY 2016 to FY 2017
			FY 2014	FY 2015	FY 2016	% Change	FY 2017	% Change
Report For Main Operating Appropriations Bill					Version: As Enacted			
COM Department of Commerce								
4B20	800631	Real Estate Appraisal Recovery	\$ 100	\$0	\$ 35,000	N/A	\$ 35,000	0.00%
4H90	800608	Cemeteries	\$ 252,308	\$ 252,775	\$ 274,080	8.43%	\$ 278,352	1.56%
4X20	800619	Financial Institutions	\$ 1,636,218	\$ 1,565,015	\$ 1,854,298	18.48%	\$ 1,854,298	0.00%
5430	800602	Unclaimed Funds-Operating	\$ 12,519,475	\$ 10,239,894	\$ 7,764,160	-24.18%	\$ 7,779,076	0.19%
5430	800625	Unclaimed Funds-Claims	\$ 73,592,097	\$ 75,822,036	\$ 64,000,000	-15.59%	\$ 64,000,000	0.00%
5440	800612	Banks	\$ 5,211,264	\$ 5,314,466	\$ 6,867,039	29.21%	\$ 6,885,074	0.26%
5450	800613	Savings Institutions	\$ 2,146,340	\$ 2,165,034	\$ 2,464,495	13.83%	\$ 2,533,005	2.78%
5460	800610	Fire Marshal	\$ 16,491,436	\$ 18,012,413	\$ 17,153,766	-4.77%	\$ 16,746,648	-2.37%
5460	800639	Fire Department Grants	\$ 2,198,802	\$ 5,196,560	\$ 5,200,000	0.07%	\$ 5,200,000	0.00%
5470	800603	Real Estate Education/Research	\$ 16,960	\$ 39,422	\$ 69,655	76.69%	\$ 69,655	0.00%
5480	800611	Real Estate Recovery	\$ 3,116	\$0	\$ 50,000	N/A	\$ 50,000	0.00%
5490	800614	Real Estate	\$ 3,446,878	\$ 3,168,313	\$ 3,374,714	6.51%	\$ 3,409,090	1.02%
5500	800617	Securities	\$ 3,957,688	\$ 4,011,075	\$ 4,421,403	10.23%	\$ 4,577,915	3.54%
5520	800604	Credit Union	\$ 2,784,857	\$ 2,757,621	\$ 3,343,696	21.25%	\$ 3,374,104	0.91%
5530	800607	Consumer Finance	\$ 3,461,009	\$ 3,524,862	\$ 3,946,050	11.95%	\$ 4,138,634	4.88%
5560	800615	Industrial Compliance	\$ 25,637,278	\$ 23,954,254	\$ 27,882,765	16.40%	\$ 28,318,049	1.56%
5F10	800635	Small Government Fire Departments	\$0	\$ 996,705	\$ 300,000	-69.90%	\$ 300,000	0.00%
5FW0	800616	Financial Literacy Education	\$0	\$0	\$ 190,000	N/A	\$ 190,000	0.00%
5GK0	800609	Securities Investor Education/Enforcement	\$ 29,776	\$ 76,186	\$ 432,150	467.23%	\$ 432,150	0.00%
5HV0	800641	Cigarette Enforcement	\$ 56,140	\$ 46,551	\$ 70,000	50.37%	\$ 70,000	0.00%
5LC0	800644	Liquor JobsOhio Extraordinary Allowance	\$0	\$ 339,162	\$ 288,818	-14.84%	\$ 276,817	-4.16%
5LN0	800645	Liquor Operating Services	\$ 11,181,694	\$ 11,814,100	\$ 7,220,460	-38.88%	\$ 6,920,435	-4.16%
5LP0	800646	Liquor Regulatory Operating Expenses	\$ 7,268,045	\$ 6,957,955	\$ 9,565,654	37.48%	\$ 8,664,644	-9.42%
5PA0	800647	BUSTR Revolving Loan Program	\$0	\$0	\$ 1,500,000	N/A	\$ 1,500,000	0.00%
5X60	800623	Video Service	\$ 345,547	\$ 290,124	\$ 383,792	32.29%	\$ 389,110	1.39%

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
COM Department of Commerce								
6530	800629	UST Registration/Permit Fee	\$ 1,516,967	\$ 1,400,429	\$ 2,201,943	57.23%	\$ 2,245,208	1.96%
6A40	800630	Real Estate Appraiser-Operating	\$ 656,653	\$ 600,958	\$ 684,978	13.98%	\$ 692,170	1.05%
7043	800627	Liquor Control Operating	\$ 120,907	\$0	\$0	N/A	\$0	N/A
Dedicated Purpose Fund Group Total			\$ 174,531,553	\$ 178,545,909	\$ 171,538,916	-3.92%	\$ 170,929,434	-0.36%
1630	800620	Division of Administration	\$ 6,056,889	\$ 6,197,935	\$ 7,700,000	24.23%	\$ 7,700,000	0.00%
1630	800637	Information Technology	\$ 5,838,788	\$ 6,056,146	\$ 7,792,763	28.68%	\$ 9,493,259	21.82%
Internal Service Activity Fund Group Total			\$ 11,895,677	\$ 12,254,081	\$ 15,492,763	26.43%	\$ 17,193,259	10.98%
3480	800622	Underground Storage Tanks	\$ 961,422	\$ 968,587	\$ 1,129,518	16.62%	\$ 1,129,518	0.00%
3480	800624	Leaking Underground Storage Tanks	\$ 1,455,867	\$ 1,513,838	\$ 1,795,481	18.60%	\$ 1,795,481	0.00%
3DX0	800626	Law Enforcement Seizure Funds	\$ 33,797	\$0	\$0	N/A	\$0	N/A
Federal Fund Group Total			\$ 2,451,086	\$ 2,482,425	\$ 2,924,999	17.83%	\$ 2,924,999	0.00%
Department of Commerce Total			\$ 188,878,316	\$ 193,282,415	\$ 189,956,678	-1.72%	\$ 191,047,692	0.57%