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H.B. 432
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. Powell and Lang

Local Impact Statement Procedure Required: Yes

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Highlights

- The Department of Administrative Services may experience an increase in costs to make any necessary modifications to the state eLicensing system. These costs may be passed on to the boards that use the system through increased user charges. These receipts are deposited into the Professionals Licensing System Fund (Fund 5JQ0).
- Several state boards and agencies anticipate a loss of revenue ranging from minimal to significant, depending on the number of anticipated out-of-state applicants, current reciprocity fees versus the renewal fee that would be paid under the bill, among other factors. On the other hand, some boards could realize a gain in revenue if renewal fees are higher. In addition to fee impacts, there could be other administrative costs including rule promulgation and possible additional investigative costs.
- The Ohio Municipal League also anticipated a loss of revenues for those municipalities that administer licenses or certifications. The impact would depend on the factors listed above.

Detailed Analysis

Occupational license reciprocity

The bill requires a licensing authority to issue a license or government certification under certain circumstances to an applicant who holds an out-of-state occupational license or who has a government certification, a private certification, or satisfactory work experience in a state that does not issue the respective license. The bill outlines some of the requirements to obtain licensure or certification. With a few exceptions, any occupational licensing boards and state agencies that administer licensure or certification programs are required to comply with the bill. Applicants are required to pay a fee equal to the renewal fee required for license or government certification holders under the applicable law to the licensing authority.

If a licensing authority requires an Ohio applicant to submit to a criminal records check, to pass an examination on Ohio's laws and rules governing the applicable profession, or to satisfy a financial responsibility requirement to receive a license or government certification, applicants under the bill would also need to comply with these requirements. Licensing authorities are required to provide a written decision to issue or reject a license or government certification under the bill within 60 days after receiving a completed application. If an applicant is the subject of a complaint, allegation, or investigation that relates to unprofessional conduct or an alleged crime, the bill prohibits a licensing authority from issuing or denying a license or certification to the applicant until the matter is resolved.

Fiscal impact

LBO staff polled state boards and agencies regarding the potential fiscal impacts of the bill's provisions. A discussion of various points raised and examples of potential magnitude is below. Responses from the boards and agencies range from minimal or no fiscal impact, potential gain in revenue, to significant fee revenue loss, depending on current fees charged, if the board has an existing reciprocity policy, the number of potential out-of-state applicants, and other factors.

eLicensing system

The Department of Administrative Services (DAS) oversees the development and maintenance of the state's eLicensing system, which is used by the state's boards and commissions to store and track various professional licensing records. Under the current arrangement for covering operating expenses, the boards and commissions that use eLicensing are assessed for their share of costs related to system maintenance and updates. The receipts are deposited into the Professionals Licensing System Fund (Fund 5JQ0). This would presumably be the case for system modifications that may need to be made under the bill. LBO has reached out for an estimate from DAS regarding costs for modifications resulting from the bill. At the time of publication, DAS was still reviewing the potential costs.

Fee revenue

As mentioned above, the bill requires applicants to pay a fee equal to the current renewal fee required for license or government certification holders under the applicable law to the relevant licensing authority. In several cases, boards will realize a loss of revenue since their initial or reciprocity fees are greater than the renewal fee charged. In some cases, boards could experience a gain in revenue, if renewal fees are higher than the initial or reciprocity fees that are currently charged to applicants applying from out of state. Some of the board responses are briefly discussed below. Again, the impact varies considerably for each board based on, among other things, current fee structures.

It is unclear under the bill what fee can be charged if there is no renewal fee for the license or government certification. In addition, some state boards issue temporary training licenses that allow an individual who is working to obtain full licensure or gain supervised practice hours to engage in a profession or occupational activity. The bill applies to these temporary training licenses as well. These provisions may also impact board revenues.

Board responses

The Counselor, Social Worker and Marriage and Family Therapist Board (CSW) and the Department of Education should have no revenue impacts as initial and renewal fees are the same. CSW stated that it is possible that they could receive additional revenue if the bill resulted in more out-of-state licenses. CSW uses the Occupational Licensing and Regulatory Fund (Fund 4K90) to deposit revenues and to pay expenses.

The State Psychology Board and the State Dental Board (DEN) have indicated that they anticipate a minimal impact. DEN anticipates a loss of fee revenue of less than \$2,000 for its biennial renewal cycle. Both boards use Fund 4K90.

The Occupational Therapy, Physical Therapy, and Athletic Trainers Board (OTPTAT) stated that over the current renewal cycle, it has issued over 950 reciprocal or “endorsement” licenses to date. The current endorsement fee is \$100, while the current renewal fee for each license is \$70. Thus, revenue loss for OTPTAT under the bill could amount to approximately \$29,000 per renewal cycle (\$30 loss x total number of reciprocal or endorsement licenses issued).¹ OTPTAT uses Fund 4K90.

The State Speech and Hearing Professionals Board (SHP) issued over 360 licenses by reciprocity, which includes audiologists, hearing aid fitters, and speech-language pathologists. While the fee for these licenses vary, in all three cases the initial fee is greater than the renewal fee. As a result, SHP anticipates a loss of about \$29,000 per renewal cycle. SHP uses Fund 4K90.

The Ohio Architects Board and the Ohio Landscape Architects Board reported a total of 535 reciprocal licenses issued in the CY 2018-CY 2019 renewal cycle. The current reciprocal license fee is \$250, versus the current \$125 renewal fee, which would be required to be charged for out-of-state applicants under the bill. Thus, the boards could experience a decrease in revenue of \$67,000 per renewal cycle (\$125 loss x 535). The Board uses Fund 4K90.

The State Pharmacy Board (PRX) estimates a revenue loss of approximately \$36,000 based on calculations relating to FY 2019. PRX is on a biennial renewal cycle, so losses over its biennial cycle would be greater. Currently, pharmacists applying for reciprocity (there were 413 in FY 2019) pay an initial fee of \$337.50 and a renewal fee of \$250. PRX administers a number of funds; however, Fund 4K90 is primarily used for licensing activities.

The Ohio Board of Nursing (NUR) estimates a revenue loss of approximately \$48,000 based on calculations relating to FY 2019. NUR is on a biennial renewal cycle, so losses over its biennial cycle would be greater. In FY 2019, NUR issued over 4,800 licenses by reciprocity. The cost of an initial license is \$75 while the cost of a renewal is \$65.² NUR uses Fund 4K90.

Similarly, the Accountancy Board of Ohio reports that it could realize a loss of approximately \$116,700 over its triennial renewal cycle. The Board currently charges a \$100 reciprocity fee, in addition to the initial two-year permit fee of \$100. The reciprocity fee would

¹ OTPTAT stated that some licensure numbers were incomplete due to the renewal cycle.

² These fee amounts are for registered and licensed practical nurses, which make up the majority of NUR’s licensees.

no longer be charged as a result of the bill. According to the Board, 1,167 permits were issued based on reciprocity between 2017 and 2019. The first renewal cycle for all certified public accountants is two years. After that, permits to practice are issued every three years. The Board uses Fund 4K90.

The State Chiropractic Board (CHR) has a current application fee of \$250 while the renewal is \$500. Thus, it is possible that CHR could realize a gain in revenue if future applicants from other states paid the renewal fee rather than the application fee. CHR uses Fund 4K90.

Other administrative impacts

It is possible that there could be other administrative costs relating to the bill. For example, there could be rule promulgation, website modifications, additional questions from applicants regarding changes, updates to current reciprocity policies if applicable, and possible additional complaints. The costs of these impacts are unknown. For instance, the State Medical Board indicated that it expects an increase in complaints and investigations as a result of the bill's requirements. If this occurs, it could result in an increase in costs to investigate complaints, take disciplinary action, and monitor licensees.

Local impact

Some municipalities may issue licensing or registrations for some professions, such as plumbers or other specialty contractors. According to the Ohio Municipal League, there could be a revenue loss for municipalities that regulate occupations, assuming their initial or reciprocity fees were greater than their renewal fees. The loss will depend on the municipal corporation's current fee structure. However, it is possible that the loss could be greater than LBO's threshold for a "yes" local impact.³ In addition, it is also possible that there could be other administrative costs, such as if any regulations need to be changed.

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³ For a "yes" local impact, the estimated annual cost is more than \$1,000 for any affected village or township with a population of less than 5,000 and more than \$5,000 for any affected county, city, or township with a population of more than 5,000.