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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 1**  
**133<sup>rd</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 1's Bill Analysis](#)

**Version:** As Passed by the Senate

**Primary Sponsors:** Sens. McColley and Roegner

**Local Impact Statement Procedure Required:** No

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### **Highlights**

- The bill may increase state agency staffing costs to prepare inventories of regulatory restrictions and annual progress reports in meeting the bill's target of a 30% reduction in regulatory restrictions over three years. Any additional payroll costs may vary widely by agency depending on the scale of work and the staff resources state agencies use to accomplish the bill's required tasks.
- Staffing costs for the GRF-funded Joint Committee on Agency Rule Review (JCARR) may increase by about \$100,000 each year to hire an additional staff member to assist state agencies in preparing inventories of regulatory restrictions and to report on the progress of agencies in meeting the bill's targets.
- Legislative Information Systems (LIS) costs are likely to increase to modify the existing Electronic Rule-Filing (ERF) System to house the proposed inventory and reporting system and to develop and maintain a website to allow the public to request information from and communicate with JCARR about regulatory restrictions. The ERF System modifications are likely to require significant development time and may necessitate the use of outside consultants.

## Detailed Analysis

### Summary of provisions with fiscal effects

The bill requires state agencies<sup>1</sup> to prepare a base inventory of rules containing a regulatory restriction by December 31, 2019 and, using certain criteria specified by the bill, reduce the total number of their regulatory restrictions by 30% over the following three calendar years in 10% annual increments. The bill tasks the Joint Committee on Agency Rule Review (JCARR) with assisting state agencies in this effort and reporting on the state's progress toward the bill's goals. Each state agency must send JCARR its inventory of regulatory restrictions, revised annually, along with a report of its progress until the agency has met the reduction target. Direct fiscal effects associated with inventory preparation and reporting are discussed below. Any fiscal effects associated with the elimination of regulatory restrictions will depend on the particular rules each agency amends or rescinds to comply with the bill. In addition, the Common Sense Initiative (CSI) office may also review any rule containing a regulatory restriction and may require the state agency<sup>2</sup> to eliminate it, potentially increasing the CSI office's administrative workload. If the state agency objects to the CSI office's determination, it may appeal to JCARR.

### Fiscal effects

#### Potential staffing costs

The bill may substantially increase state agency workload to review rules, identify regulatory restrictions, and prepare the required annual progress reports, particularly for those having the largest number of rules. Of the 16,200 rules currently under JCARR's purview, over 8,500 (53%) are concentrated in ten agencies. The three state agencies with the largest number of rules are the Ohio Environmental Protection Agency (1,594), the Department of Health (1,171), and the Department of Job and Family Services (1,022). The number of regulatory restrictions may be considerably larger than the number of rules, as each rule may contain multiple regulatory restrictions.

The bill, therefore, creates the possibility of additional payroll costs for some state agencies. Such costs may vary widely depending on the number of rules an agency must review and the staff resources it uses to accomplish the bill's required tasks. For example, some state agencies may be able to rely on interns to perform some of the cataloguing work, as was the case for a similar regulatory initiative implemented by British Columbia in the early 2000s. However, given that the work may entail intricate legal considerations, it also seems reasonable that state agencies could find it necessary to add professional legal staff to handle more complex matters. Such an individual's base pay rate may range between \$25 and \$40 per hour, based on typical pay rates of lower level attorney positions employed by executive agencies.

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<sup>1</sup> The bill defines "state agency" as essentially all cabinet-level departments, the offices of the Attorney General, Secretary of State, Auditor of State, and Treasurer of State, as well as the Department of Education, State Lottery Commission, Ohio Casino Control Commission, State Racing Commission, and the Public Utilities Commission of Ohio.

<sup>2</sup> A "state agency" whose rules may be eliminated by CSI has the same definition above but does not include the offices of the Attorney General, Secretary of State, Auditor of State, and Treasurer of State.

The annual salary and benefits costs for such a position range from \$67,000 to \$116,000, depending on the single or family health insurance coverage the employee may enroll in.

Similarly, JCARR indicated that its additional workload under the bill may require the hiring of another staff member. JCARR estimated that the salary and benefits costs for a new employee would likely be around \$100,000 annually based on its experience with current staff. JCARR's current staff of four is supported by the GRF.

### **Inventory system and website creation and maintenance**

The bill requires JCARR, in consultation with Legislative Information Systems (LIS), to create and maintain a system for agencies to use to create inventories, enter regulatory restriction data, and transmit copies of inventories, reports, and other documents to JCARR and to the Speaker of the House of Representatives and the President of the Senate. LIS staff expect to leverage the existing Electronic Rule-Filing (ERF) System in establishing the inventory system, though the ERF System modifications are likely to require significant development time. State agencies must complete the base inventory by December 31, 2019, meaning that the database must be ready for use sometime before then. A compressed timeframe for development after the bill's enactment may require the use of outside consultants to help complete the project.

Additionally, JCARR and LIS are required to establish, maintain, and improve the "Cut Red Tape System," which must include a website to allow the public to request information from and communicate with JCARR about regulatory restrictions. Developing this website likely increases LIS's expenses further. JCARR's administrative responsibilities will increase to respond to the public's information requests, the extent of which will depend on the volume of communication with the public.