



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** Sub. H.B. 488 of the 130th G.A.  
(LSC 130 2285-1)

**Date:** April 8, 2014

**Status:** In House Military and Veterans Affairs

**Sponsor:** Reps. Dovilla and Landis

**Local Impact Statement Procedure Required:** No

**Contents:** Veterans' benefits and services

### State Fiscal Highlights

- **Board of Regents and state institutions of higher education.** The Board of Regents and state institutions of higher education may experience an increase in administrative costs to assist and support veterans' access to higher education as required by the bill.
- **Board of Pharmacy.** The bill's provision related to granting pharmacy licensure fee waivers to veterans and active duty members may result in a no more than minimal annual loss in revenues that might otherwise have been deposited in the state treasury to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90).
- **Department of Veterans Services.** The Department of Veterans Services (DVS) will experience a workload increase related to the new duties prescribed to the Director under the bill, the annual costs of which are likely to be minimal at most.
- **State licensing boards.** Licensing agencies may experience a one-time increase in expenditures related to drafting and implementing the rules necessary in order to provide expedited licensing services to veterans, active duty members and their affected spouses.
- **State Approving Agency (DVS) and various state agencies.** The State Approving Agency, housed in the Department of Veterans Services, will likely experience an administrative cost increase in order to process agency approvals for certain federal educational benefits. Those state agencies that are not currently registering with the State Approving Agency may experience a one-time administrative cost increase.
- **Department of Rehabilitation and Correction.** The Department of Rehabilitation and Correction's annual GRF-funded incarceration costs may minimally increase, as in any given year a few additional identity fraud felony offenders could be sentenced to a term in prison, or sentenced to a longer term than might otherwise have been the case under current law and sentencing practices.

- **Court cost revenues.** There may be a minimal at most annual gain in the amount of the locally collected court cost that is credited to the Victims of Crime/Reparations Fund (Fund 4020) and the Indigent Defense Support Fund (Fund 5DY0), as a few additional identity fraud offenders may be adjudicated guilty at the enhanced penalty levels included in the bill.
- **Job and Family Services.** The provision requiring the Ohio Department of Job and Family Services to maintain a registry of employers that have a voluntary veterans preference employment policy will result in an increase in costs for the Department to establish and maintain the registry.

## **Local Fiscal Highlights**

- **County criminal justice systems.** The bill elevates certain theft and fraud cases by one degree. It is possible that these penalty enhancements may actually accelerate the resolution of some felony cases, which potentially reduces county adjudication, prosecution, and indigent defense costs. It is equally possible that, as offenders are facing a more serious sanction, the resolution of some felony cases may actually slow down as offenders seek to avoid prison or shorten the length of a potential prison sentence. Such an outcome could increase county adjudication, prosecution, and indigent defense costs. The net fiscal effect of these contrasting possibilities on annual county criminal justice system expenditures is likely to be minimal.
- **Municipal criminal justice systems.** The bill's penalty enhancements will move some misdemeanor theft and fraud cases from municipal criminal justice systems to county criminal justice systems. This means that any related case processing and sanctioning costs and related revenue gains in the form of fines and court costs shift as well from municipalities to counties. Any resulting decrease in municipal revenues and expenditures is likely to be minimal annually.

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## **Detailed Fiscal Analysis**

### **Veterans' access to higher education**

The bill makes several changes that generally affect higher education benefits for veterans that will require the Board of Regents and state institutions of higher education to take certain actions that may increase their ongoing administrative costs. These changes (which will take place not later than December 31, 2014, unless otherwise noted) are as follows:

1. Requires the Chancellor of the Board of Regents to: (1) develop a set of standards and procedures for the awarding of credit for military training, experience, and coursework, (2) create a military articulation and transfer assurance guide for such credit that is based on the current articulation and transfer policy, (3) create a website that contains specified information related to the awarding of such credit, and (4) develop a statewide training program that prepares faculty and staff to evaluate various military experiences and to award appropriate equivalent credit.
2. Requires all state institutions of higher education, beginning on July 1, 2015, to ensure that appropriate equivalent credit is awarded for military experiences that meet the standards developed by the Chancellor.
3. Requires each state institution of higher education to designate at least one person (not a Veterans Administration Certifying Official) to serve as the contact person for veterans affairs and to adopt a policy regarding the support and assistance the institution will provide to veterans and requires the Chancellor to provide guidance to state institutions on designating such contact person and adopting such policy.
4. Requires all state institutions of higher education to provide priority course registration for students who are armed forces veterans or service members.
5. Requires each state institution of higher education to establish an appeals procedure for resolving disputes regarding the awarding of college credit for military experience.
6. Prohibits a state institution of higher education, on or after December 31, 2014, from charging a fee to a student who is an armed forces veteran or service member for the evaluation of, transcription of, or application for college credit for military experience.

### **Pharmacy licensing fees waived for veterans and active duty members**

The bill waives the fees associated with the issuance and renewal of a license to practice pharmacy for veterans and active members of the armed forces, within limits that may be established by the Board of Pharmacy. This provision is expected to affect

around 25 to 50 licensees a year. The potential annual revenue loss is likely to be considerably less than \$100,000. This is revenue that would otherwise have been deposited in the state treasury to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90).

### **Veterans' law definition changes**

The bill establishes a common definition of "member," "veteran," and "armed forces" with respect to the recognition of state offered veterans rights related to: (1) recognition of military training toward the requirements of an occupational license, (2) the grace period for occupational license renewal for veterans, (3) priority for referral to job openings and training opportunities, and (4) extension of continuing education reporting periods. This provision will have no direct fiscal effect on the state or any of its political subdivisions.

### **Additional duties of the Director of Veterans Services**

The bill requires the Director of Veterans Services, not later than December 31, 2014, to: (1) develop and maintain a website that provides links to websites of licensing agencies, (2) encourage state agencies to perform outreach efforts through which veterans and their dependents learn about available job and education benefits, (3) inform state agencies about changes in statutes or rules affecting veterans and their dependents, and (4) assist licensing agencies in adopting rules determining which military training and experience satisfies licensing requirements. The Department of Veterans Services will experience a workload increase related to the new duties described above, the annual costs of which are likely to be no more than minimal.

### **Veterans' priority for license applications**

The bill requires each licensing agency (as defined in R.C. 5903.01), not later than December 31, 2014, to adopt rules to: (1) establish and implement a process to obtain from each applicant documentation and additional information to determine if the applicant is a member or veteran of the armed forces, or the spouse or surviving spouse of a member or veteran, (2) record, track, and monitor these applications, and (3) prioritize or expedite certification and licensing for each such applicant. The bill requires a licensing agency to include, in the rules, special accommodations for applicants facing imminent deployment. Licensing agencies may experience a one-time increase in expenditures related to drafting and implementing the rules described above.

### **Veterans' educational benefits – State Approving Agency**

The bill requires, by December 31, 2014, a state agency that issues a license, certificate, or other authorization permitting an individual to engage in an occupation or occupational activity to apply for approval to the State Approving Agency at the Ohio Department of Veterans Services. Such approval is required under federal law to

enable an eligible person or veteran to receive education benefits through the United States Department of Veterans Affairs.

Those state agencies that are not currently registering with the State Approving Agency may experience a one-time administrative cost increase. The State Approving Agency, housed in the Department of Veterans Services, will likely experience a commensurate administrative cost increase in order to process the approvals.

### **Military service-related identity fraud**

The bill: (1) increases the penalties for theft, securing writings by deception, and identity fraud when the victim is an active duty service member or the spouse of an active duty service member, and (2) provides that a series of theft offenses or securing writings by deception offenses must be tried as a single offense. (Table 1 at the end of this document displays the proposed penalty enhancements included in the bill.) The bill also amends current law pertaining to civil actions filed by the victims of identify fraud.

According to the Office of the Attorney General, in 2013, the Federal Trade Commission received more than 22,000 identity fraud complaints from members of the military, an increase of almost 20% from the prior year.

### **Local fiscal effects**

The bill's provisions related to the filing of civil actions are not expected to greatly impact the civil caseloads of common pleas, municipal, and county courts. The bill modifies the statute of limitations by changing it from the general limit of beginning at the time the criminal act occurred to the time that the criminal activity (identity fraud) was discovered, thus potentially creating the opportunity for some cases to proceed, when under current law, they might otherwise have been dismissed. Relative to overall caseloads however, this increase in potential caseloads would likely be negligible. Additionally, the bill modifies the damages that may be granted by the court.

The bill's changes to the penalty structure for theft, securing writings by deception, and identity fraud of active duty service members and their spouses will not create any new crimes, nor is it likely to result in additional arrests or prosecutions. That said, the bill would affect existing cases handled by local criminal justice systems in the following two ways.

#### **(1) Elevating misdemeanor cases to felony status**

Identity fraud cases that would have been adjudicated as misdemeanors under current law will be elevated to the status of felonies, thus shifting such cases out of municipal and county courts into the more expensive felony component of county criminal justice systems. From the fiscal perspective of local governments, this elevation may simultaneously: (1) increase county criminal justice system expenditures related to investigating, prosecuting, adjudicating, and defending (if the offender is indigent) certain offenders, while decreasing analogous municipal criminal justice system

expenditures, and (2) generate additional court cost and fine revenues for counties, while causing a loss in analogous municipal court cost and fine revenues.

While there is no readily available data tracking this type of caseload, it appears likely that the number of cases that will be affected in this manner will be relatively small in any affected local jurisdiction. As such, the resulting variations in annual county and municipal criminal justice system expenditures and revenues for any affected local jurisdiction would likely be minimal.

## **(2) Enhancing certain felony cases**

The bill elevates certain felony cases by one degree. It is possible that this penalty enhancement may actually accelerate the resolution of some felony cases, which potentially reduces county adjudication, prosecution, and indigent defense costs. It is equally possible that, as offenders are facing a more serious sanction, the resolution of some felony identity fraud cases may actually slow down as offenders seek to avoid prison or shorten the length of a potential prison sentence. Such an outcome could increase county adjudication, prosecution, and indigent defense costs. The net fiscal effect of these contrasting possibilities on county criminal justice system expenditures is likely to be minimal.

## **State fiscal effects**

As a result of the bill's penalty enhancements, additional offenders could be sentenced to prison and offenders who would have been sentenced to prison under current law will, in the future under similar circumstances, be sentenced to longer prison terms. Either outcome would minimally increase the Department of Rehabilitation and Correction's (DRC) annual GRF-funded incarceration costs.

The elevation of certain misdemeanor cases to felony status also creates the possibility for the state to collect a minimal amount of additional court cost revenue annually. That revenue would be deposited to the credit of the Victims of Crime/Reparations Fund (Fund 4020) and the Indigent Defense Support Fund (Fund 5DY0).

## **Private employer veterans preference**

The bill authorizes an employer to adopt a policy to provide a preference for employment decisions, including hiring, promotion, or retention during a reduction in force, to a member, veteran, or the spouse or surviving spouse of a member or veteran. The bill also requires the Ohio Department of Job and Family Services to maintain a registry of employers that have a voluntary veterans preference employment policy. This will result in an increase in costs for the Department to establish and maintain the registry.

**Table 1. Proposed Penalty Enhancements for Theft, Securing Writings by Deception, and Identity Fraud Where Protected Class is Active Duty Service Member or Spouse**

Offense	Current Penalty	Proposed Penalty
Theft/Aggravated Theft (R.C. 2913.02)		
Value of theft is less than \$1,000	1st degree misdemeanor	5th degree felony
Value of theft is \$1,000 or more but less than \$7,500	5th degree felony	4th degree felony
Value of theft is \$7,500 or more but less than \$150,000	4th degree felony	3rd degree felony (less than \$37,500)
		2nd degree felony (less than \$150,000)
Value of theft is \$150,000 or more but less than \$750,000	3rd degree felony	1st degree felony (more than \$150,000)
Value of theft is \$750,000 or more but less than \$1 million	2nd degree felony	
Value of theft is \$1 million or more	1st degree felony	
Securing writings by deception (R.C. 2913.43)		
Value of theft is less than \$1,000	1st degree misdemeanor	5th degree felony
Value of theft is \$1,000 or more but less than \$7,500	5th degree felony	4th degree felony
Value of theft is \$7,500 or more but less than \$150,000	4th degree felony	3rd degree felony (less than \$37,500)
		2nd degree felony (\$37,500 or more)
Value of theft is \$150,000 or more	3rd degree felony	2nd degree felony
Identity Fraud (R.C. 2913.49)		
Value of theft is less than \$1,000	5th degree felony	4th degree felony
Value of theft is \$1,000 or more but less than \$7,500	4th degree felony	3rd degree felony
Value of theft is \$7,500 or more but less than \$150,000	3rd degree felony	2nd degree felony
Value of theft is \$150,000 or more	2nd degree felony	1st degree felony

## Synopsis of Fiscal Effect Changes

The substitute bill (LSC 130 2285-1) includes the following notable changes which could impact the state's or the state's political subdivisions' revenues and expenditures.

- **Military-related identity theft.** Caseloads of municipal and county courts as well as courts of common pleas could be impacted by the penalty enhancements included in the substitute bill. Any related changes in annual revenues (fines and court costs) and expenditures (case processing and sanctioning) will be minimal. Additionally, the Department of Rehabilitation and Correction's GRF-funded incarceration costs may minimally increase, due to a few additional felony offenders being sentenced to a term in prison, or sentenced to a longer term than might otherwise have been the case under current law and sentencing practices. There may be a minimal at most annual gain in the amount of the locally collected court cost that is credited to the Victims of Crime/Reparations Fund (Fund 4020) and the Indigent Defense Support Fund (Fund 5DY0), as a few additional offenders may be adjudicated guilty at the enhanced penalty levels.
- **Private employer veterans preference.** The provision requiring the Ohio Department of Job and Family Services to maintain a registry of employers that have a voluntary veterans preference employment policy will result in an increase in costs for the Department to establish and maintain the registry.