



S.B. 1

Sponsor Testimony

State Senator Kristina D. Roegner

27th Senate District

Senate Government Oversight and Reform Committee

Tuesday, February 19, 2019

Chair Coley Vice-Chair Huffman Ranking Member Craig and Members of the Senate Government Oversight and Reform Committee, thank you for the opportunity to provide sponsor testimony today on Senate Bill 1 (S.B. 1). This priority legislation, which passed the Senate last year unanimously but did not receive consideration in the House, aims to restore to a healthy level the number of regulations in Ohio.

Although passed with the best of intentions, the accumulation of new laws and regulations overtime slow economic growth and employment opportunities. *It is like sludge in the economic engine.* Think about it. Say you want to start a new business and want to be fully up to speed on Ohio's Administrative Code (OAC), so you sit down to read all the rules you need to follow in Ohio.

Better get comfortable because the OAC contains 15.2 million words. Reading at a rate of 300 words a minute, 40 hours a week, it will take you 844 hours or about 21 work weeks of non-stop reading to peruse the OAC in its entirety. Over the course of that reading marathon you would discover 246,852 unique restrictions (words like must, shall not, required to etc.). I would be remiss if I did not mention that this is in addition to more than 1.08 million additional restrictions in the federal code.

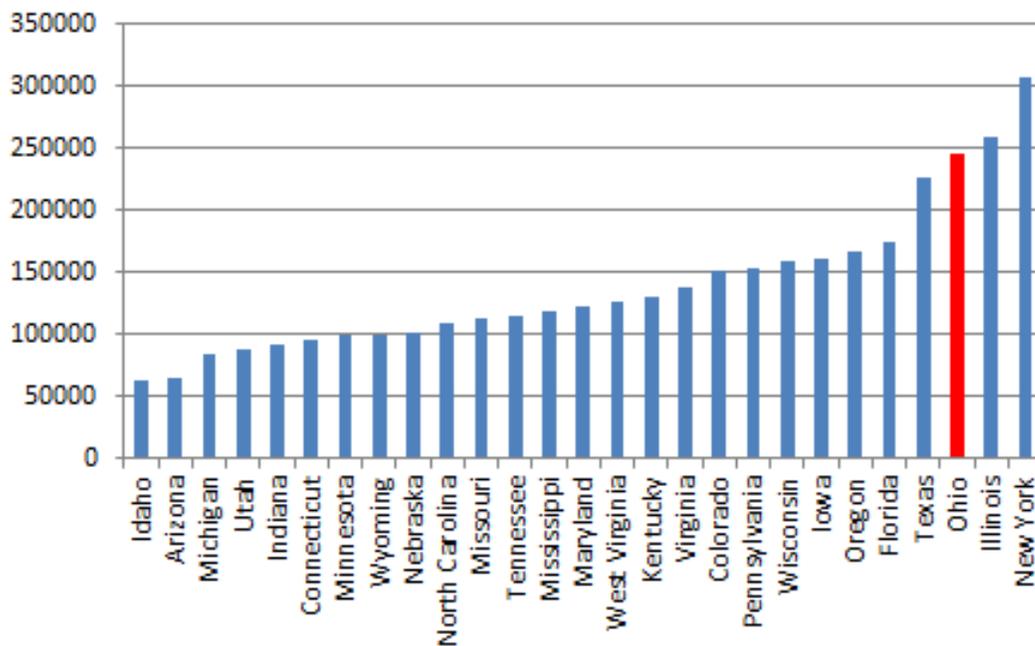
Individuals and businesses in Ohio must navigate these different layers of restrictions to remain in compliance.¹ It truly is a wonder that anyone wants to start a business with that much red tape to navigate.

Researchers at the Mercatus Center at George Mason University developed State RegData, a platform for analyzing and quantifying state regulatory text. State RegData captures information in minutes that would take an ordinary person hours, weeks, or even years to obtain. This tool allows researchers to identify restrictive word counts. Known as regulatory restrictions, the words and phrases *shall*, *must*, *may not*, *prohibited*, and *required* can signify legal constraints and obligations.

These researchers at Mercatus Center are not only looking at Ohio; they have analyzed 28 states so far. So the natural question is: how does Ohio rank in comparison to the other states? The answer is not very well.

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(Number of regulations by state)



*Source: Mercatus Center <https://quantgov.org/state-regdata/>

According to the 2018 Mercatus Center study, Ohio has the third-most regulations of all states that have been researched, only trailing New York and Illinois in the number of administrative rules currently in place.¹ That is twice the number of regulations on the books in Maryland or Missouri, or three times the number of regulations in place in Michigan.²

Certainly, regulations can have a positive impact: protecting any number of things such as wildlife, consumers, small businesses, etc. However, regulations are also costly:

- Research indicates that if regulation had been held at 1980 levels during the period between 1980 and 2012, per capita income in the United States would have been about \$13,000 higher.³
- The same research indicates that a 10 percent increase in total regulation leads to a nearly 1 percent increase in consumer prices.⁴ An increase in the price of consumer goods disproportionately impacts low-income groups that spend a greater proportion of their average budget on necessities.⁵
- Regulation can also reduce economic opportunities for both potential workers and potential business owners by shifting demand from low-skilled labor to high-skilled, licensed labor.
- Regulation can also legally limit job opportunities through mechanisms such as licensing. This type of regulation raises the cost of entry into an occupation through fees and training requirements. These costs are often difficult for low-income households to afford.

Let me be clear: The problem is not regulation – it is unnecessary and or excessive regulation. S.B. 1 provides a solution, a pathway to relieving Ohio of the regulatory albatross and unleashing economic potential in our state.

I would like to thank Senator McColley and Senator Peterson for their leadership on this topic and would respectfully request that the committee

¹ <https://www.mercatus.org/publications/regulation/comparing-regulations-across-us-states>

² <https://www.mercatus.org/publications/regulation/comparing-regulations-across-us-states>

³ <https://www.mercatus.org/publications/regulation/effect-regulation-low-income-households> 6/10

⁴ <https://www.mercatus.org/publications/regulation/effect-regulation-low-income-households> 6/10

⁵ <https://www.mercatus.org/publications/regulation/effect-regulation-low-income-households> 6/10

hold their questions until Senator McColley has had an opportunity to share his testimony.

ⁱ <https://www.mercatus.org/publications/state-and-local-policy/snapshot-ohio-regulation-2018>