



Ohio Department of Commerce

Budget Testimony: FY 2026–2027 Senate Government Oversight and Reform Committee April 29, 2025

Chair Manchester, Vice Chair Brenner, Ranking Member Weinstein and members of the Senate Government Oversight and Reform Committee, my name is Sherry Maxfield and I am the Director of the Ohio Department of Commerce. Thank you for inviting me today to talk about the Department's Fiscal Year 2026-2027 proposed budget.

The Ohio Department of Commerce (Commerce) is the State's chief regulatory agency where we work daily to serve Ohioans through our mission of *promoting prosperity by protecting what matters most*—their homes, health, money and safety.

Commerce, a non-GRF agency, has submitted a sustainable budget that provides for the operational needs of our nine divisions and two programs in a cost-effective and efficient manner for FY26-FY27. These divisions and programs include Financial Institutions, Industrial Compliance, Liquor Control, Cannabis Control, Real Estate & Professional Licensing, Securities, State Fire Marshal, Unclaimed Funds, and Administration. The agency is requesting \$317 million and \$321 million in budgetary appropriation for FY26 and FY27. The proposed budget provides Commerce with the financial resources to accomplish our goals and make an impact. We are committed to leveraging technology, supporting first responders and increasing education and outreach. Through this commitment, we have created a blueprint for how a government entity can inspire success while ensuring compliance.

We serve and support more than 600,000 licensees and regulated entities through four core functions: (1) licensing and registration, (2) inspection, examination and auditing, (3) investigation and enforcement, and (4) education, outreach, and customer service. The agency enforces the Ohio Building and Fire Codes. We also oversee the safe distribution of beer, wine and spirituous liquor as well as the cultivation, processing, dispensing and testing of cannabis. Commerce regulates depository and non-depository financial institutions and securities products. Commerce also collects, safeguards and returns millions of dollars in unclaimed funds each year.

Throughout my tenure, the Department of Commerce has made significant strides in its pursuit of our mission, primarily remaining focused on our four strategic priorities:

- Leveraging technology to bring higher-quality services to our customers and stakeholders.
- Creating a supportive environment for first responders, Ohioans and businesses.
- Increasing outreach and education for our licensees, stakeholders and all Ohioans.
- Promoting a positive community impact.

Leveraging technology

In our fast-evolving digital age, a paper-based process is akin to an anchor—a drag on efficiency that no modern organization can afford. In line with the DeWine Administration's InnovateOhio initiative, our agency is rapidly modernizing our systems as we remove paper-based processes, improve efficiency and maximize the value of the data we gather and maintain. Commerce strives to become more customer-centric and data-driven. We are on track to have the Division of Liquor Control, the Division of Real Estate and Professional Licensing, and the Board of Building Standards operating on fully functional, web-based applications. This shift will streamline permitting processes and make our services more accessible to Ohio's businesses. It will also create better efficiencies for our employees who process the transactions.

The Division of State Fire Marshal integrated new technology into the Ohio Fire Incident Reporting Management System, benefiting all active fire departments in the state. Additionally, its forensic laboratory received a grant to purchase advanced technology for investigations, improving efficiency and evidence processing.

But our technological advancements don't stop there. We will create a world where the Ohio Construction Industry Licensing Board's processes are entirely online and automated. Earlier this year we announced that claims to the Division of Unclaimed Funds will be processed with unprecedented speed because of a new user-friendly platform. In the upcoming biennium, the Division will form strategic data-sharing partnerships with state agencies (e.g., BWC, BMV, Department of Taxation, ODJFS) to even further speed up the process of claims. These are the targeted outcomes of our current initiatives, designed to make us more customer-centric and data-driven than ever before.

Supporting First Responders, Ohioans, and businesses

Ohio's communities are built on the backbone of our first responders and small businesses, both of whom we are committed to supporting.

In 2022, Governor DeWine created the Volunteer Fire Service Task Force, a group consisting of volunteer fire departments, municipalities, and state agencies, to study and improve the future sustainability of volunteer fire services in Ohio. This upcoming biennium, we will continue to fulfill the task force's recommendations, waiving fees for training classes at the State Fire Marshal's Ohio Fire Academy. Under the DeWine Administration, we have increased the equipment and training grants by \$1.2 million annually. Additionally, we will distribute fire department grant funding with an online platform that allows the public to track which municipalities receive dollars. These efforts ensure that the safety net provided by our volunteer firefighters remains robust and reliable. In addition, the Division of State Fire Marshal deployed a Public Service Announcement campaign to raise awareness of Ohio's need for volunteer firefighters. This initiative is pairing up interested citizens directly with local departments to learn more about volunteer fire service opportunities.

As you know, in the last biennium the oversight of medical marijuana dispensaries moved from the Board of Pharmacy to Commerce. Subsequently, on November 7, 2023, Issue 2 passed to legalize the possession and use of marijuana by individuals over the age of 21. This resulted in the creation of the Division of Cannabis Control which oversees both non-medical sales and the

Medical Marijuana Control Program (including the Patient & Caregiver Registry). The Division has engaged with stakeholders to shape regulations that meet industry needs, while also protecting consumers and the public.

Today the program stands at 37 cultivators, 46 processors, 6 testing labs and 140 dispensaries that are currently operating and over 100,000 registered patients in the medical program.

Included within our budget are funding levels to cover the operational needs of the Division. The passage of Issue 2 more than doubles the responsibilities of the Division and requires another wave of licensing and the regulation of those licenses. All these efforts go toward the enforcement of Division rules, including cannabis facility security and surveillance requirements, prohibitions against child enticing advertising and marketing, requirements for child resistant packaging, monitoring for underage sales, preventing diversion of cannabis out of licensed facilities, reviewing background checks for cannabis industry owners and employees, and conducting investigations and financial audits. This proposed budget ensures both medical and non-medical programs meet the Division's high standards for compliance and safety.

The Board of Building Standards or BBS has been hard at work streamlining and enhancing professional building code enforcement throughout the state. In 2023, the Board adopted the 2024 Ohio Building, Mechanical & Plumbing Codes with significant word and rule reductions to make it easier for businesses to comply. For example, the new building code rules have 90 percent fewer words than the previously adopted rules and have more than 10,000 regulatory restrictions eliminated. That same year, the Board initiated an in-depth study to identify trends across the country in code enforcement. This study has served as a tool for the Board to more effectively target areas that need to be updated and streamlined. We understand the importance of meeting the needs of the modern construction industry, as Ohio continues to compete and secure some of the largest economic development "wins" in our generation.

Given this, BBS is proposing a grant program for the training of qualified building personnel. The program would offset the local investment in trainees and help assist local building departments in recruiting and training the next generation of code professionals.

Education and Outreach

Our work is not confined to regulatory frameworks; we are committed to finding innovative solutions and collaborations when it comes to proactive outreach and educational initiatives. Most notably, Commerce pinpointed the need to nurture future workforce talent and collaborated with the Ohio Department of Youth Services by promoting careers in the skilled trades for incarcerated youth. The opportunities we outlined through this education will support their long-term success upon release.

On the financial front, the Division of Securities administers a compensation fund to support innocent investors who have fallen victim to fraud. Equally important is our Division of Financial Institutions' commitment to enhancing financial literacy across all age groups in Ohio. Our Financial Literacy Grant Program aims to foster a generation of financially savvy citizens who can contribute positively to the state's economy.

Additionally, our Securities Division is proposing a grant program that goes beyond traditional financial literacy by focusing on investor education. Participants will move beyond avoiding debt and saving responsibly to the basic tenets of finance and investment principles.

Positive Community Impact

Our commitment to creating a positive community impact is unwavering. We prioritize social responsibility, community engagement, and long-term prosperity for all Ohioans. The nationally recognized "Recovery Within Reach" initiative by the Division of Securities exemplifies our dedication in these areas. This campaign not only addresses the opioid epidemic but empowers financial advisers to spot signs of addiction, thereby aiding families in crisis.

The Division of Real Estate and Professional Licensing's Cemetery Grant Program, provides much needed assistance to help maintain non-profit cemeteries, and in turn, allows local governments to free up budgets to be repurposed for other necessary local projects. Requests for funding for this grant program continues to be in high demand. Since the program's inception, 295 communities were awarded over \$590,000. Because of this program's success, this budget requests a modest increase to the burial permit fee from \$3.00 to \$4.50, which will provide additional awards to communities. You'll find one example of the grant work in practice through an effort in Auglaize County. In April 2023, Auglaize County was hit by several severe storms, including a category E1 tornado that damaged over 17 miles of Wapakoneta. Unfortunately, St Joseph's Cemetery was directly in the path of the tornado resulting in over 32 historical trees uprooted and more than 50 gravestones were damaged by the storm. Our grant program helped restore the grounds after the disaster.

Conclusion

The Ohio Department of Commerce operates independently of the General Revenue Fund, ensuring that our fiscal strategies are sustainable and focused on promoting prosperity while protecting Ohioans. Our wide-ranging and vital work is self-supported by fees and assessments. The proposed budget for FY26-FY27 emphasizes improved technology use and resource allocation to enhance the quality of services for licensees and Ohio citizens. It also prioritizes financial well-being and safety.