OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 96
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Stewart

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SUMMARY

This analysis is arranged by state agency in alphabetical order. Items that do not directly involve an agency are located under the agency that has regulatory authority over the item, or otherwise deals with the subject matter of the item. There are chapters addressing changes to public record and open meeting topics and low-income utility assistance and block grants at the end. The analysis concludes with a note on effective dates, expiration, and other administrative matters.

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- Requires the Director of Administrative Services (DAS), in consultation with the Director of Budget and Management (OBM), to create schedules E-1 and E-2, report them to the Controlling Board, publish them, and assign exempt state employees to pay ranges within them.
- Repeals a requirement that certain officers in the State Highway Patrol be paid in accordance with specific pay ranges in statutory schedule E-1 eliminated by the bill.
- Repeals a prohibition against an exempt employee other than a captain or equivalent officer in the State Highway Patrol from being placed in step value 7 in range 17 of statutory pay schedule E-1 eliminated by the bill.

DAS personnel

- Eliminates the DAS Director's authority to designate individuals in or out of the service of the state to serve as examiners or assistants under the DAS Director's direction, while retaining the DAS Director's authority to appoint examiners, inspectors, clerks, and other assistants as necessary to carry out the law.
- Eliminates a requirement that the DAS Director, examiners, inspectors, clerks, and assistants must receive reimbursement for necessary traveling and other expenses incurred in the actual discharge of their official duties.

DAS services

- Eliminates the ability of a state-supported college or university or a municipality to use services and facilities furnished by DAS to provide and maintain payroll services and state merit standards.
- Eliminates the DAS Director's ability to enter into an agreement with any county, municipality, or other political subdivision to furnish DAS services and facilities in the administration of a merit program or other functions related to human resources, including providing competitive examinations for positions in the classified service.
- Eliminates the DAS Director's ability to designate the municipal civil service commission of the largest city within a county as the DAS Director's agent to carry out designated provisions of law administered by the DAS Director within that county.
- Eliminates the ability of the DAS Director to incur necessary expenses for stationery, printing, and other supplies incident to DAS business.

Disability leave program

- Modifies the disability leave program for eligible state employees, including regarding rule adoption requirements, eligibility, approval, allowances, and appeals.

Paid leave for emergency medical or firefighting service

- Increases, from 40 to 120 hours, the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services.
- Expands the reasons for which a state employee may use the leave to include attending a training or continuing education program that relates to providing emergency medical or firefighting services.

Procurement processes

- Recodifies and modifies certain provisions under the state procurement law.

Procurement law and semiconductors

- Expands the definition of "Buy Ohio products" in procurement law to include any product that includes semiconductors produced by a company with a significant Ohio economic presence.
- Requires that a state consortium, established by the Chancellor of Higher Education, follow rules adopted by DAS for giving preference to Buy Ohio products, when making a purchase with appropriated funds of any product that includes semiconductors.

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- Expands the types of "covered applications" that are prohibited on state agency computers, networks, and devices.

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Public safety answering points

- Requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in Ohio to be subject to the PSAP operations rules.

Next Generation 9-1-1 access fee

- Repeals the provision of law that would, beginning October 1, 2025, lower the Next Generation 9-1-1 access fee applied to certain communication services in Ohio- from 40¢ to 25¢.

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- Eliminates the entrepreneur in residence pilot program.

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- Specifies prohibited provisions with respect to a contract for the purchase of software.

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- Adds the DAS Director to the Emergency Response Commission.

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- Revises the authority of the DAS Director to dispose of surplus or excess supplies to a nonprofit corporation.

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- Eliminates the Division of State Printing, within DAS, and provides that state printing contracts are subject to DAS procurement law generally.

State Information Technology Investment Board

- Repeals the law requiring the DAS Director to establish the State Information Technology Investment Board within DAS.

Prescription Drug Transparency and Affordability Advisory Council

- Formally abolishes the Prescription Drug Transparency and Affordability Advisory Council.

State civil service

- Replaces the requirement that the DAS Director and the State Personnel Board of Review (SPBR) exercise former functions, powers, and duties given to the State Civil Service Commission with a requirement that the DAS Director and SPBR exercise functions, powers, and duties actually given to the Commission on or before January 1, 1959.
- Eliminates the requirement that any reference to the Commission in law or rule be considered to refer to DAS, the DAS Director, or SPBR.

Exempt employee salary schedules

(R.C. 124.152 and 5503.031, repealed, with conforming changes in R.C. 102.02, 107.71, 124.11, 124.134, 124.135, 124.136, 124.1312, 124.142, 124.15, 124.17, 124.181, 124.183, repealed, 124.382, 124.384, 124.386, 124.81, 126.32, 141.01, 1707.36, 1707.46, 3121.01, 3770.02, 3772.06, 3901.07, 4701.03, 4905.10, 4911.07, and 5502.05; Section 701.30)

The bill eliminates statutory pay schedules E-1 and E-2 for exempt state employees. Statutory schedules E-1 and E-2 establish salaries or wages paid to most "exempt employees." Under continuing law, an exempt employee is a permanent full-time or permanent part-time employee paid directly by OBM Director warrant who is not a public employee for the purposes of Ohio's Public Employee Collective Bargaining Law.[1] Permanent full-time and permanent

[1] R.C. Chapter 4117.

part-time employees of the Secretary of State, Auditor of State, Treasurer of State, and Attorney General who do not collectively bargain also are exempt employees.

As soon as possible after the provision's effective date, the DAS Director, in consultation with the OBM Director, must create new versions of schedule E-1 and E-2, and in the schedules create pay ranges and assign an hourly wage, annual salary, or both to each value within a pay range. The DAS Director must report the schedules to the Controlling Board and publish them.

Under the bill, the DAS Director must assign exempt employees to pay ranges in new schedules E-1 or E-2 using a job classification plan developed by the DAS Director under continuing law. The DAS Director, in consultation with the OBM Director, may periodically revise new schedules E-1 and E-2. Any revisions must be reported by the DAS Director to the Controlling Board and published.

To the extent the new pay schedules the DAS Director creates result in a pay rate change for an exempt employee, the change applies to the pay period that includes July 1, 2025. If the new pay schedules created by the DAS Director include a pay range 17, an exempt employee being paid at step 6 of pay range 17 on schedule E-1 repealed by bill is eligible to move to step 7 of pay range 17 in the pay schedule created by the Director, provided the employee has not advanced a step within the 12-month period immediately preceding the date on which the Director creates the new pay schedules E-1 and E-2. The step increase applies to the first day of the pay period immediately following the pay period that includes July 1, 2025.

An exempt employee being paid at step 6 of pay range 17 of schedule E-1 repealed by the bill who is ineligible to move up to step 7 of pay range 17 in the new schedule E-1 on the date the Director creates the schedule will advance in accordance with continuing law governing exempt employee pay increases.

Current law prohibits an exempt employee who is not a captain or equivalent officer in the State Highway Patrol from being paid at step value 7 in range 17 of schedule E-1 repealed by the bill. Additionally, current law requires Highway Patrol sergeants who are exempt employees, lieutenants, staff lieutenants, majors, and lieutenant colonels or their equivalents to be paid at specific pay ranges in schedule E-1 repealed by the bill. The bill repeals these requirements specific to officers in the Highway Patrol and permits them to be classified by the DAS Director in the same manner as all other exempt employees.

The Ohio Constitution directly grants the General Assembly the power to enact laws. Pursuant to Ohio Constitution Article II, Section 26, the Ohio Supreme Court has held that the General Assembly cannot delegate its power to enact law. Instead, it must establish a policy and fix standards to guide the application of the policy.[2] A reviewing court might consider whether the bill contains sufficient guiding standards for the DAS Director to create new schedules E-1 and E-2.

[2] *Strain v. Southerton,* 148 Ohio St. 153, 160-161 (1974).

Additionally, continuing law requires certain exempt employees to be paid at certain pay ranges in the current schedules.[3] The bill leaves the references to those ranges, but it does not require the DAS Director to keep those ranges. It is not clear how the DAS Director's schedules E-1 and E-2 will interact with these sections if the schedules do not include the same or similar pay ranges and step values.

DAS personnel

(R.C. 124.07)

The bill eliminates the DAS Director's authority to designate individuals in or out of the service of the state to serve as examiners or assistants under the DAS Director's direction, while retaining the DAS Director's authority to appoint examiners, inspectors, clerks, and other assistants as necessary to carry out the law. Per the Office of Budget and Management, DAS does not currently employ examiners or assistants.[4] Thus, this provision appears to have no substantive effect.

The bill also eliminates the following current law provisions related to DAS personnel:

- A requirement that an examiner or assistant be paid compensation for each day in the discharge of duties as an examiner or assistant;
- A provision specifying that rendering services in connection with an examination without extra compensation is part of an examiner's or assistant's official duties.
- A requirement that the DAS Director, examiners, inspectors, clerks, and assistants must receive reimbursement for necessary traveling and other expenses incurred in the actual discharge of their official duties.

Under continuing law, if an examiner or assistant is included in the state job classification plan, they would be paid in accordance with the appropriate salary schedule.[5]

DAS services

(R.C. 124.07)

The bill eliminates the ability of a state-supported college or university or a municipality to use services and facilities furnished by DAS to provide and maintain payroll services and state merit standards. The bill also eliminates the DAS Director's ability to do the following:

- Enter into an agreement with any county, municipality, or other political subdivision to furnish DAS services and facilities in the administration of a merit program or other functions related to human resources, including providing competitive examinations for positions in the classified service;

[3] See, e.g., R.C. 107.71.

[4] Steven Peishel, Office of Budget and Management Analyst.

[5] R.C. 124.14, not in the bill.

- Designate the municipal civil service commission of the largest city within a county as the DAS Director's agent to carry out designated provisions of law administered by the DAS Director within that county; and
- Incur necessary expenses for stationery, printing, and other supplies incident to DAS business.

Disability leave program

(R.C. 124.385)

The bill modifies the disability leave program for eligible state employees. It makes a full-time permanent state employee with at least one year of continuous state service eligible for disability leave benefits if the employee is entitled to disability benefits under a collective bargaining agreement.

The bill eliminates the requirement that the DAS Director adopt a rule regarding the program under the Administrative Procedure Act.[6] Thus, the bill subjects the required rule adoption regarding the program to the abbreviated rulemaking procedure (R.C. 111.15). The DAS Director must adopt a rule that allows disability leave due to a condition, in addition to illness or injury as under continuing law. The bill eliminates the requirement that the DAS Director include in the rule all of the following:

- Timing requirements regarding the procedure for appealing denial of payment of a claim;
- Approving leave for medical reasons where an employee is in no pay status after using all other leave time;
- Provisions precluding benefit payments so they are provided in a consistent manner.

The bill also eliminates all of the following:

- The prohibition against charging time off for an employee granted disability leave to any other leave granted by law;
- The requirement that the DAS Director approve disability leave on an appointing authority's recommendation;
- The DAS Director's ability to delegate to an appointing authority the authority to approve disability benefits for a standard recovery period.

The bill specifies that the adjudication hearing requirements of the Administrative Procedure Act do not apply to the procedures for appealing denial of payment of a claim.

[6] R.C. Chapter 119.

Paid leave for emergency medical or firefighting service

(R.C. 124.1310)

The bill increases, from 40 to 120 hours, the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services. It also expands the reasons for which a state employee may use the paid leave to include attending a training or continuing education program that relates to providing emergency medical or firefighting services. Continuing law requires an appointing authority to pay an employee who uses the leave at the employee's regular pay rate.

Procurement law changes

Miscellaneous

(R.C. 125.01, 125.02, 125.036, 125.04, 125.041, 125.05, 125.051, 125.09. 125.07, 125.071, 125.072, 125.09, 125.11, 125.18, 125.601, 127.16, 307.86, 731.14, 731.141, 3345.691, 3345.692, 4114.36, 5513.01, and 5513.02; repeal of R.C. 125.10 and 125.112)

The bill specifies DAS's responsibilities with respect to the purchase of "goods or services" instead of "supplies and services" as in current law. For purposes of the bill, "goods" is defined as "anything that can be purchased that is not a service or real property." This appears to clarify or broaden the scope of authority, as the applicable definition of "supplies," which is being repealed by the bill, is "all property including, but not limited to, equipment, materials, and other tangible assets, but excluding real property or an interest in real property."

The bill requires that, when exercising direct purchasing authority, a state agency must comply with all DAS policies, in addition to all applicable laws, rules and regulations as under current law.

It appears the bill limits the types of emergency medical service organizations that may participate in state contracts. Under current law, DAS may establish state contracts for political subdivisions to participate in, including any public or private emergency medical service organization, that meets certain criteria. The bill appears to eliminate the authority for DAS to allow a "public" emergency medical service organization to participate in contracts, and instead requires that the entity be a private nonprofit to participate.

The bill does all of the following:

- Requires the DAS Director to adopt rules in accordance with the Administrative Procedure Act regarding circumstances and criteria for a state agency to obtain a release and permit from DAS authorizing the agency to make purchases directly must use these procedures;
- Authorizes DAS, at its discretion, to amend, renew, cancel, or terminate any state contract when it is in the best interest of the state;
- Eliminates a requirement that DAS include in its annual report, an estimate of the purchases, by participation in state contract, that are made by state institutions of higher education, governmental agencies, political subdivisions, boards of elections, private fire

companies, private, nonprofit emergency medical service organizations, and chartered nonpublic schools;

- Requires solicitations for state agency purchases via competitive sealed bidding and competitive sealed proposal, at a minimum, contain a detailed description of the goods or services to be purchased, the terms and conditions of the purchase, instructions concerning submission of proposals, and any other information prescribed by rules, or that DAS considers necessary;
- Requires proposals in response to competitive sealed proposal solicitations be submitted through and opened in the electronic procurement system established by DAS and specifies that proposals received after the due date and time specified in the solicitation must be considered nonresponsive;
- Requires the prequalification of all entities who submit bids through the "reverse auction" purchasing process;
- Eliminates DAS's authority to require that all competitive sealed bids, competitive sealed proposals, and bids received in a reverse auction be accompanied by a performance bond or other financial assurance acceptable;
- Eliminates a requirement that each state agency awarding a grant establish and maintain a separate website listing the name of the entity receiving each grant, the grant amount, information on each grant, and any other relevant information determined by DAS;
- Recodifies certain definitions in the procurement law to one common definition section.

State procurement website

(R.C. 125.073; repeal of R.C. 125.112)

The bill recodifies the requirement that DAS establish and maintain a single searchable website, accessible by the public at no cost, that includes all of the following information for goods or services purchased by the state:

- The name of the entity receiving the award;
- The anticipated amount of the award;
- Information on the award, the agency or other instrumentality of the state that is providing the award, and the commodity code; and
- Any other relevant information determined by DAS.

The bill clarifies that the requirement to post the above information on the website should not be construed to require the disclosure of information that is not a public record under Ohio Public Records Law.

It also clarifies that the existing DAS electronic procurement system may be used to meet the requirement for a single searchable website.

Requisite Procurement Programs

(R.C. 125.035)

The bill modifies the procedures for state agency purchases through the first and second requisite procurement programs. Under current law, a state agency wanting to make a purchase must utilize programs or obtain a determination from DAS that the purchase is not subject to them. Instead, the bill requires the state agency to determine if the goods or services are available through the programs, and to utilize the following procedures:

1. If the needed goods or services are available from more than one first requisite procurement program, preference must be given in the following order:

a. Ohio Penal Industries;

b. Community rehabilitation programs;

c. Ohio-based personal protective equipment manufacturers program.

2. If the needed goods or services cannot be provided by a first requisite procurement program, a state agency must determine if the goods or services are available from any of the second requisite procurement programs.

3. When requisite procurement programs receive a purchase request from a state agency, the programs must determine if it can provide the requested goods or services. In making this determination, the programs must do one of the following:

a. Direct the requesting state agency to obtain the requested goods or services through the proper requisite procurement program;

b. Provide the requesting state agency with a waiver from the use of the applicable requisite procurement program within five business days, or allow the time to lapse, whereupon DAS must issue a waiver to the requesting state agency.

Upon receiving a waiver, the requesting state agency may use direct purchasing authority to make the requested purchase.

Community Rehabilitation Program

(R.C. 125.601; repeal of R.C. 125.60, 125.602, 125.603, 125.604, 125.605, 125.606, 125.607, 125.608, 125.609, 125.6010, 125.6011, and 125.6012)

The bill modifies and recodifies the Community Rehabilitation Program. Under the bill, the program must reside within the procurement office of DAS, rather than within its own Office of Procurement from Community Rehabilitation Program.

The bill modifies the definition of government ordering office, as it applies to the program, so that it no longer includes the judicial branch, the General Assembly, or the offices of state elected officials. Under continuing law, a government ordering office may negotiate purchase pricing with qualified nonprofit agencies. The bill appears to eliminate the authority for these entities no longer included in the definition of "government ordering office," to negotiate pricing. It is not clear if the bill's intention is to eliminate the authority for the judicial branch, the General Assembly, and offices of state elected officials to actually participate in the program.

The bill eliminates provisions that authorized DODD, OhioMHAS, JFS, OOD, and any other state or governmental agency or community rehabilitation program, through written agreement, to cooperate in providing resources to DAS for the operation of the Office of Procurement from Community Rehabilitation Program.

The bill retains the annual reporting requirement. It specifies that it must be submitted by DAS, by December 13, to the Governor, the Senate President, and the Speaker of the House. The report must identify the number, types, and costs of purchases made by government ordering offices from qualified nonprofit agencies during the prior fiscal year.

Biobased Product Preference Program

(R.C. 125.091; repeal of R.C. 125.092 and 125.093)

The bill modifies and recodifies the Biobased Product Preference Program, which gives preferred purchasing considerations by state agencies and state institutions of higher education to designated biobased products. The bill specifies new requirements for the purchase of biobased products. Under the bill, "biobased product" means:

> . . . a product, other than food or feed, determined by the secretary of the United States Department of Agriculture (USDA) to be of the minimum biobased content as defined by the USDA Biopreferred Program of Biological Products, forestry materials, or renewable domestic agricultural materials, including plant, animal, or marine materials. (R.C. 125.091)

Under the bill, DAS, state agencies, and state institutions of higher education, when purchasing biobased products, must purchase USDA designated items in accordance with procedures established by the purchasing institution. The bill repeals current law's requirements that the DAS Director set minimum biobased content specifications for awarding contracts and maintain a list of products that qualify as designated items.

For any biobased product being offered to a state agency or state institution of higher education, a supplier must provide information to the agency or institution certifying that the product is a USDA designated item.

Also, excluding motor vehicle fuel, heating oil, and electricity, to qualify as a biobased product under the bill, a product must be an item designated by the USDA as either qualifying for mandatory federal purchasing or being certified through the federal voluntary labeling initiative.

The bill requires DAS to prepare and submit to the Governor, the Senate President, and the Speaker of the House an annual report on the effectiveness of the program. It eliminates the requirement that the annual report describe the number and types of biobased products purchased and the amount of money spent by DAS and other state agencies for those products.

Military goods or services

(R.C. 125.01 and 125.02)

The bill establishes a definition in procurement law for "military goods or services."

Under continuing law, DAS may not establish state contracts for use by the Adjutant General to purchase military supplies or services. The bill revises the law to refer instead to "military goods and services," defined as:

> . . . goods or services provided through the supply chain of any branch of the United States military that are necessary for executing an assigned mission, including arms, ordnance, equipment, and all other military property issued to the state by the federal government. "Military goods or services" does not include any of the following:
>
> 1. Real property;
> 2. Construction of, or improvements or alterations to, public works as required by Chapter 153. of the Revised Code;
> 3. Goods or services that state agencies can purchase from requisite procurement programs as prescribed by section 125.035 of the Revised Code, through competitive selection as prescribed by sections 125.05 and 127.16 of the Revised Code, or through direct purchasing authority.

Procurement law and semiconductors

(R.C. 125.01 and 3333.04)

The bill expands the definition of "Buy Ohio products" in procurement law to include any product that includes semiconductors produced by a company with a significant Ohio economic presence. Under continuing law, significant Ohio economic presence means businesses that: pay required taxes to Ohio or a border state, are registered and licensed to do business in Ohio or as required by a border state, and have ten or more employees based in Ohio or the border state, or 75% or more of their employees based in Ohio or the border state. A border state means any state that is contiguous to Ohio and that does not impose a restriction greater than Ohio imposes on persons located in Ohio selling goods or services to agencies of that state.[7]

The bill requires that a state consortium, established by the Chancellor of Higher Education, follow rules adopted by DAS for giving preference to "Buy Ohio products," when making a purchase with appropriated funds of any product that includes semiconductors. Otherwise, under continuing law, a consortium must follow the rules of the college or university that serves as its fiscal agent.

Prohibited applications on state systems

(R.C. 125.183)

The bill expands the types of social media applications ("covered applications") that are prohibited from being downloaded or used on state agency computers, networks, and devices.

[7] Ohio Administrative Code (O.A.C.) 123:5-1-01.

Specifically, it adds any application owned or controlled by an entity identified as a foreign adversary as defined in federal regulations to the prohibition. Federal regulations define foreign adversary as any foreign government or foreign nongovernment person determined by the Secretary of Commerce to have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the U.S. or security and safety of U.S. persons.[8]

Current law prohibits all of the following "covered applications" from use on state agency computers, networks, and devices:

- The TikTok application, or any successor application or service developed or provided by ByteDance;
- WeChat application and service, or any successor application or service developed or provided by Tencent Holdings; or
- Any application or service owned by an entity located in China, including QQ International (QQi), Qzone, Weibo, Xiao, HongShu, Zhihu, Meituan, Toutiao, Alipay, Xiami Music, Tiantian Music, DingTalk Ding, Douban, RenRen, Youku/Tudou, Little Red Book, and Zhihu.

Under continuing law, the State Chief Information Officer must do all of the following:

- Require state agencies to remove any covered application from all equipment the state agency owns or leases;
- Prohibit the downloading, installation, or use of a covered application by the state agency or any officer, employee, or contractor;
- Prohibit the downloading, installation, or use of a covered application using an internet connection provided by the state agency;
- Require state agencies to take measures to prevent the downloading, installation, or use of a covered application.

A qualified person is permitted to download, install, or use a covered application for law enforcement or security purposes as long as the person takes appropriate measures to mitigate the security risks involved.

Sharing of legal documents

(R.C. 9.821)

The bill requires the Attorney General's Office to share with DAS's Office of Risk Management communications and documents made for the purpose of seeking or providing legal advice or counsel in connection with litigation, liability claims, contract disputes, risk management issues, and other matters involving the programs of the Office of Risk Management. The bill establishes that all communications and documents that are shared between the Office

[8] 15 Code of Federal Regulations (C.F.R.) 791.2.

of Risk Management, a state agency, and the Attorney General's Office are privileged and confidential.

Public safety answering points

(R.C. 128.021)

The bill requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in Ohio to be subject to the PSAP operations rules. Current law states that PSAPs that take 9-1-1 calls for service from wireless services are subject to such rules. By repealing "from wireless service" the bill appears to require that all PSAPs must conform to the operations rules. The bill does not, however, change the provisions of continuing law that require PSAPs not originally required to be compliant, to comply with the standards by October 3, 2025.

Next Generation 9-1-1 access fee

(R.C. 128.412, repealed)

The bill repeals the provision of law that would, beginning October 1, 2025, lower the Next Generation 9-1-1 access fee applied to communication services in the state from 40¢ to 25¢.

Under current law, "communication service" means any wireless service, multiline telephone system, and voice over internet protocol system to which the service or system is registered to the subscriber's address within the state or the subscriber's primary place of using the service or system is in the state, and it can initiate a direct connection to 9-1-1.[9]

Entrepreneur in residence pilot program

(R.C. 125.65, repealed; R.C. 102.02 (conforming))

The bill eliminates the entrepreneur in residence pilot program, which was established in DAS's LeanOhio office. The program's mission is to provide for better outreach by state government to small businesses, to strengthen coordination and interaction between state government and small businesses, and to make state government programs and functions simpler, easier to access, more efficient, and more responsive to the needs of small businesses.

Software purchases

(R.C. 9.27)

The bill prohibits a state agency from entering into a contract for a software application that limits the agency's ability to choose the hardware or cloud platform on which the software runs, unless state or federal law requires otherwise. This provision applies to software designed to run on generally available desktop or server hardware or cloud platforms.

[9] R.C. 128.41, not in the bill.

Emergency Response Commission

(R.C. 3750.02)

The bill adds the DAS Director to the Emergency Response Commission. With this addition, the Commission will consist of ten ex-officio members, ten appointed members, and two members of the General Assembly who serve as nonvoting members. The affirmative vote of a majority of the voting members is necessary for any action taken by the Commission.

State surplus supplies and nonprofit organizations

(R.C. 125.13)

The bill revises the authority of the DAS Director to dispose of surplus or excess supplies, in the Director's control, to a nonprofit organization. It removes the requirement that, to be eligible to receive such supplies, a nonprofit organization must receive funds from the state or have a contract with the state. Instead, the bill requires the nonprofit organization be registered and in good standing with the Secretary of State as a domestic nonprofit or not-for-profit corporation.

State printing

(R.C. 125.041, 125.31, 125.42, and 125.58; Repeal of R.C. 125.36, 125.38, 125.43, 125.49, 125.51, 125.56, and 125.76)

The bill eliminates the Division of State Printing within DAS, and specifically eliminates the statutory assignment of functions, powers, and duties to the Division. Under continuing law, DAS generally has supervision over all public printing. The bill recodifies a current law provision that appears to exempt, from DAS oversight, printing contracts that require special security paper, of a unique nature, if compliance with certain DAS requirements will result in acquiring a disproportionately inferior product or a price that exceeds by more than 5% the lowest price submitted on a non-Ohio bid.

The bill eliminates the following current law provisions, which apply specifically to state contracts for printing services. Under the bill such contracts would instead be subject to DAS procurement law generally:

- A provision that allows DAS, after determining that any or all bids or proposals are not in the interest of the state, to purchase the various printing goods and services required at the lowest price available in the open market.
- A provision allowing DAS to require that a bid or proposal for a term contract for printing goods and services, including a final printed product, be accompanied by a bond, in a sum specified in the invitation to bid.
- A requirement that the printing of all publications approved by DAS must be ordered through it.
- A requirement that each bid or proposal for state printing specify the price at which the offeror will undertake to provide the finished product as specified in the invitation to bid or request for proposals, including the necessary binding covered by such bid or proposal.

- A requirement that, after examining each bid for printing services, DAS award the contract within 30 days.
- A provision that provides that generally all printing and binding for the state is subject to the provisions specific to printing services so far as practicable.

State Information Technology Investment Board

(R.C. 125.181, repealed)

The bill repeals the law requiring the DAS Director to establish the State Information Technology Investment Board within DAS. Under current law, the Board consists of representatives from various state elective offices and state agencies, including OBM. The Board must identify and recommend opportunities for consolidation and cost-saving measures relating to information technology to the State Chief Information Officer. Board members are not entitled to compensation for their services.

Prescription Drug Transparency and Affordability Advisory Council

(R.C. 125.95, repealed)

The bill formally abolishes the Prescription Drug Transparency and Affordability Advisory Council. The Council was created within DAS, by the General Assembly in 2019 and tasked with producing a report with recommendations for achieving prescription drug price transparency. After submission of its report, the Council was required to meet at least quarterly to provide guidance. In 2021, the Council was abolished, and the Joint Medicaid Oversight Committee was authorized to examine any of the topics described in the report prepared by the Council. The bill repeals the authorizing statute for the abolished Council.

State civil service

(R.C. 124.02)

The bill replaces the requirement that the DAS Director and the State Personnel Board of Review (SPBR) exercise former functions, powers, and duties given to the State Civil Service Commission with a requirement that the DAS Director and SPBR exercise functions, powers, and duties actually given to the Commission on or before January 1, 1959. It also eliminates the requirement that any reference to the Commission in law or rule be considered to refer to DAS, the DAS Director, or SPBR.

DEPARTMENT OF AGING

Provider certification

- Describes a provider agreement as one that a services provider may enter into, or renew, with the Department of Aging or a PASSPORT administrative agency.
- Revises one of the disciplinary actions that the Department of Aging may take against a certified provider, by specifying that the action requires submission to the Department of both a plan of correction **and** evidence of compliance with requirements the Department has identified.
- Specifically includes a direct care provider in the law permitting the Department not to hold a hearing when taking disciplinary action against a provider's certification when a principal owner or manager of the provider has pled guilty to a disqualifying offense.
- Authorizes the Department to send notices regarding disciplinary actions by electronic mail.

Community-based long-term care services providers – criminal records checks

- Excludes attorneys, persons acting at the direction of attorneys, and participant-directed providers from the law governing criminal records checks and database reviews for persons applying for, or employed in, direct-care positions with community-based long-term care services providers under Department of Aging-administered programs.
- Eliminates a consumer meeting certain conditions from the law's responsible party definition.
- Also excludes ambulette drivers, attorneys, and persons acting at the direction of attorneys from the requirement that the Department take certain actions based on criminal records check and database review results.

Electronic visit verification

- Exempts providers utilizing electronic visit verification systems from the law requiring each provider under contract with the Department of Aging, Developmental Disabilities, Health, or Job and Family Services for the provision of home care services to home care dependent adults to have a system in place that monitors the delivery of those services.
- Eliminates the law requiring the departments, by September 27, 2005, to study and submit a report addressing how self-employed providers may be required to adopt a monitoring system.

PASSPORT program – training and supervision of home health and personal care aides

- Eliminates the law prohibiting the Department from requiring a PASSPORT program home health aide to complete more hours of pre-service training or annual in-service training than is required by federal law.
- Instead extends that prohibition to PASSPORT program personal care aides, by prohibiting the Department from requiring such an aide to complete more pre-service and annual in-service training hours than federal law requires.
- Eliminates references to home health aides from the law limiting the supervision of PASSPORT program home health aides and personal care aides to registered nurses (RNs) and licensed practical nurses (LPNs) under the direction of RNs.
- Specifies that LPNs may supervise PASSPORT program personal care aides under the direction of the following additional practitioners: chiropractors, dentists, optometrists, physicians, physician assistants, and podiatrists.

BELTSS license fee increases

- Increases fees paid to the Board of Executives of Long-Term Services and Supports (BELTSS) for nursing home administrator license applications, initial licenses, renewals, and reinstatements and for health service executive license renewals.
- Establishes the fee for a temporary license, available beginning on January 1, 2025.
- Changes the term "administrator in training" to "administrator resident."

Provider certification

(R.C. 173.391)

The bill makes the following changes to the law governing the Department of Aging's certification of services providers under programs administered by the Department, including the PASSPORT program.

First, it describes a provider agreement as one that a provider of services may enter into, or renew, with either of the following parties: the Department or a PASSPORT administrative agency. Current law authorizes a provider to enter or renew an agreement with only the Department.

Second, the bill revises one of the disciplinary actions that the Department may take against a certified provider, by specifying that the action requires submission of both of the following to the Department: (1) a plan of correction and (2) evidence of compliance with requirements identified by the Department. Under current law, either a plan or evidence of compliance must be submitted.

Third, it specifically includes a direct care provider in the law permitting the Department not to hold a hearing when it denies, suspends, or revokes a provider certification for the

following reason: that a principal owner or manager of the provider has entered a guilty plea for, been convicted of, or has been found eligible for intervention in lieu of conviction for a disqualifying offense.

Fourth, the bill authorizes the Department to send notices regarding (1) disciplinary actions or (2) refusals to certify providers by electronic mail. At present, such notices may be sent only by regular mail.

Community-based long-term care services providers – criminal records checks

(R.C. 173.38 and 173.381)

The bill makes several changes to the law governing criminal records checks and database reviews for persons applying for, or employed in, direct-care positions with community-based long-term care services providers whose services are provided under programs administered by the Department. Under current law, a responsible party is prohibited from employing an applicant or continuing to employ an employee in a direct-care position if the applicant or employee is included in certain criminal databases or has been convicted of, pleaded guilty to, or been found eligible for intervention in lieu of conviction for a disqualifying offense.

First, the bill clarifies that a direct-care position does not include either an attorney licensed to practice in Ohio or a person who is not licensed to practice law in Ohio, but, at the direction of such an attorney, assists the attorney in the provision of legal services. Accordingly, neither a database review nor a criminal records check is required for either type of individual. The bill also exempts a participant-directed provider from the criminal records check and database review requirements.

Relatedly, the bill eliminates a consumer meeting certain conditions from the law's responsible party definition. As such, a consumer is not required by the bill to conduct database reviews or criminal records checks for direct-care positions.

Finally, the bill specifically excludes an ambulette driver, attorney, and person acting at the direction of an attorney from the law requiring the Department to take certain actions against a certificate, contract, or grant issued or awarded to a self-employed provider of community-based long-term care services if the provider is included in certain criminal databases or is found by a criminal records check to have been convicted of, pleaded guilty to, or been found eligible for intervention in lieu of conviction for a disqualifying offense.

Electronic visit verification

(R.C. 121.36)

The bill makes the following changes to the law requiring a provider under contract with the Department of Aging, Developmental Disabilities, Health, or Job and Family Services for the provision of home care services to home care dependent adults to have a system in place that effectively monitors service delivery by provider employees.

First, it exempts providers utilizing an electronic visit verification system from having to implement a monitoring system. At present, only self-employed providers with no other

employees are exempt from the requirement to have a system in place to monitor service delivery.

Second, the bill eliminates the law requiring the departments to study and submit a report, not later than September 27, 2005, addressing how self-employed providers may be made subject to the requirement to adopt an effective monitoring system for service delivery.

PASSPORT program – training and supervision of home health and personal care aides

(R.C. 173.525)

The bill eliminates the law prohibiting the Department from requiring a PASSPORT program home health aide to complete more hours of pre-service training or annual in-service training than is required by federal law. However, it extends that prohibition to PASSPORT program personal care aides, by barring the Department from requiring such an aide to complete more pre-service and annual in-service training hours than federal law requires.

The bill also revises the law limiting the supervision of PASSPORT program home health aides and personal care aides to registered nurses (RNs) or licensed practical nurses (LPNs) under the direction of RNs as follows:

1. Removes the law's references to home health aides; and

2. Specifies that LPNs may supervise under the direction of the following additional practitioners: chiropractors, dentists, optometrists, physicians, physician assistants, and podiatrists.

BELTSS license fee increases

(R.C. 4751.20, 4751.24, and 4752.25)

The bill increases the fees paid to the Board of Executives of Long-Term Services and Supports (BELTSS) as follows:

- Nursing home administrator license application, from $100 to $250;
- Nursing home administrator resident application, from $50 to $250;
- Nursing home administrator initial license, from $250 to $800;
- Nursing home administrator biennial license renewal, from $600 to $800;
- Nursing home administrator license reinstatement, from $300 to $800;
- Health services executive annual license renewal, from $50 to $100.

The bill establishes a fee of $350 for issuance of a temporary license to act as a nursing home administrator. The temporary license, valid for 180 days, became available on January 1, 2025, and, under continuing law, can be issued to an individual who meets the requirements for a nursing home administrator but has not yet passed the licensing examination.

The bill also changes the term "administrator in training" to "administrator resident."

DEPARTMENT OF AGRICULTURE

Pesticide Law changes

- To comply with updated U.S. EPA regulations regarding pesticides, makes changes to the law governing restricted use pesticides, pesticide business licensure, pesticide registration, pesticide applicator examinations, and pesticide dealers, including doing the following:
  - Requiring restricted use pesticides to be applied exclusively by a licensed commercial or private pesticide applicator, rather than allowing a commercial applicator's trained service person or a private applicator's immediate family or employee to apply those pesticides under the direct supervision of the licensed applicator;
  - Requiring each pesticide business location to be licensed, rather than requiring one license for the pesticide business and the registration of each location that is owned by the person operating the pesticide business;
  - Allowing the Director of Agriculture (ODA Director) to establish an examination fee by rule for applicants for pesticide applicator licenses; and
  - Increasing the number of days that the ODA Director may suspend a license, permit, or registration prior to a hearing concerning a violation from ten to 30 days.
- Increases the fees relating to the annual registration of a pesticide sold or distributed in Ohio.

Hemp Cultivation and Processing Program

- Grants authority to the ODA Director to transfer jurisdiction to implement the hemp cultivation licensure program in Ohio to the U.S. Department of Agriculture, but retains the requirement that ODA implement a hemp processing licensure program.
- Eliminates requirements preventing hemp cultivation or processing licenses from being issued or retained by a person who has pleaded guilty to or been convicted of a felony related to a controlled substance.
- Eliminates the requirement that a license applicant comply with the general background check law, and instead requires an applicant to comply with background check rules adopted by the ODA Director.

Amusement rides

Reclassification

- Alters the current amusement ride classifications for purposes of the annual inspection and reinspection fee.
- Increases various inspection and reinspection fees for certain amusement rides, but decreases those fees for inflatable rides.

Apiary Law changes

- Makes changes to the requirements governing apiary (beekeeping) registration, including:
  - Increasing, from ten to 30 days, the deadline by which a person must register an apiary after the person comes into ownership or possession of bees or moves into Ohio with an apiary; and
  - Eliminating the $5 annual registration fee and the $10 late fee for failure to meet the registration deadline.
- Makes changes to the law governing the sale or gift of queen bees, including:
  - Expanding the law to include the sale of packaged bees, nucs, and bee colonies and the trade and distribution of bees; and
  - Requiring a person that intends to sell, trade, gift, or otherwise distribute queen bees, packaged bees, nucs, or colonies to file with ODA a request for certification of all the person's queen rearing apiaries for which certification is requested, rather than filing a request for inspection as under current law.
- Makes changes to the law governing deputy apiarists, including:
  - For purposes of paying a deputy apiarist, requiring a board of county commissioners to pay the deputy apiarist for inspection work and expenses related to that work, as the board determines, rather than requiring the board to pay for each day or half day of inspection work done as under current law; and
  - Allowing the ODA Director to assign a deputy apiarist to conduct inspections in multiple counties, instead of only the county in which the deputy is appointed as under current law.
- Expands the ODA Director's enforcement authority regarding the Apiary Law to include compliance agreements between ODA and a person engaged in queen rearing where the person agrees to comply with stipulated requirements.
- Eliminates a board of county commissioners' authority to appropriate money in an amount it deems sufficient for the inspection of apiaries in its county.

Food processing establishment exemption

- Exempts a small egg producer that annually maintains 500 or fewer birds from food processing establishment regulations established by the ODA Director in rules.

Commercial Feed Law changes

- Revises the commercial feed registration for manufacturers and distributors, including doing the following:
  - Clarifying that the registration must be made on an annual, rather than semiannual, basis;

- Requiring a manufacturer or distributor to pay a $50 registration fee and stating that the registration must be filed by February 1 of each year and that it expires on January 31 of the following year; and
- Removing the minimum $25 commercial feed inspection fee, which is generally calculated at a rate of 25¢ per ton and, instead, exempting the first 200 tons of commercial feed sold in a calendar year from the fee.

Fertilizer license fee

- Increases the annual license fee to manufacture or distribute fertilizer from $5 to $50 and increases the late license renewal fee from $10 to $25.

Commercial seed labeler permit

- Increases the annual commercial seed labeler permit fee from $10 to $50 and changes the expiration date of the permit from December 31 to January 31 of each year.
- Regarding the annual seed fee paid by a commercial seed labeler permit holder that is based on the amount of seed sold by the permit holder, eliminates the minimum fee of $5, and instead specifies that if the permit holder owes less than $50 for the seed fee, the permit holder is not required to pay the fee.

Bakery registration fee

- Reduces the annual registration fee for larger capacity bakeries and increases the annual bakery registration fee for smaller capacity bakeries.

Soda water syrup or extract and soft drink syrup manufacturer

- Eliminates the registration requirement for soda water syrup or extract manufacturers or soft drink syrup manufacturers that are not otherwise licensed as soft drink bottlers.

Cold storage locker license fee

- Increases the annual license fee for cold storage lockers from $50 to $200.

Nurseryperson inspection fee

- Increases the base annual inspection fee for a nurseryperson who produces, sells, or distributes woody nursery stock in Ohio or ships such stock outside Ohio from $100 to $200.
- Increases the additional per-acre inspection fee for growing woody nursery stock as follows:
  - In intensive production areas from $11 per acre, or fraction of an acre, to $15 per acre, or fraction of an acre;
  - In nonintensive production areas from $7 per acre, or fraction of an acre, to $10 per acre, or fraction of an acre.

Annual liming material tonnage report

- Eliminates the annual tonnage report, and the accompanying inspection fee, that a liming material licensee must file with ODA for the number of net tons of liming material sold or distributed to nonlicensees in Ohio.

Certificate of free sale

- Allows the ODA Director to authorize any ODA division or program to issue to any entity a certificate of free sale, which is a document that certifies to states and countries receiving a listed product that the product is freely marketed without restriction in the U.S.
- Authorizes the ODA Director to charge a reasonable fee for issuance of a certificate of free sale.

Ohio Grape Industries Committee

- Revises the makeup of the Ohio Grape Industries Committee by removing the Chief of the Division of Markets in ODA and adding two Ohio residents appointed by the ODA Director.

High volume dog breeder kennel and pet store funds

- Renames the High-Volume Breeder Kennel Control License Fund the Commercial Dog Breeding Fund.
- Abolishes the Pet Store License Fund and requires all pet store license fees and civil penalties assessed against pet stores to be credited to the Commercial Dog Breeding Fund.

Captive cervid licensing

- Creates a new regulatory scheme for those who propagate or own any type of cervid (deer, moose, and elk and their hybrids) instead of requiring those owners to be licensed as a livestock dealer.

Livestock dealers – fees and penalties

- Alters the fees charged by ODA to livestock dealers and brokers.
- Eliminates the first degree misdemeanor criminal penalties for violation of any prohibition of the law governing livestock dealers and brokers, except for the violation of a weigher improperly weighing or accepting bribes and instead allows the ODA Director to assess a civil penalty.

Animal and Consumer Protection Fund

- Eliminates the Livestock Care Standards Fund and Dangerous and Restricted Animal Fund and redirects the money credited to those funds to the existing Animal and Consumer Protection Fund.

- Redirects money collected from livestock dealer and broker fees and fines imposed for violating the law governing livestock dealers from the Animal and Consumer Protection and Laboratory Fund to the Animal and Consumer Protection Fund.
- Requires the Animal and Consumer Protection Fund to be used to administer the laws governing dangerous wild animals and restricted snakes, livestock dealers, and captive cervid.

Food Safety Fund

- Requires money received from federal contracts or cooperative agreements for the performance of ODA's prescribed duties related to food safety inspections to be deposited into the Food Safety Fund, rather than into a general federal grant fund in which all federal grants to ODA are deposited under current law.

Pesticide Law changes

(R.C. 921.01, 921.02, 921.06, 921.09, 921.11, 921.12, 921.13, 921.14, 921.16, 921.23, 921.24, and 921.26)

General changes to the law

The U.S. EPA recently updated its pesticide regulations and, as a result, Ohio must update its laws governing pesticides to retain its federal certification to regulate pesticides. Accordingly, the bill makes the following changes:

1. Requires restricted use pesticides to be applied exclusively by a licensed commercial pesticide applicator or licensed private pesticide applicator, rather than allowing a commercial applicator's trained service person or a private applicator's immediate family or employee to apply those pesticides under the direct supervision of the licensed applicator;

2. Regarding restricted use pesticides, expands the activities which require an applicator license to include doing both of the following:

a. Performing pre-application activities involving mixing and loading restricted use pesticides; and

b. Performing other pesticide-related activities, including transporting or storing pesticide containers that have been opened, cleaning equipment, and disposing of excess pesticides, spray mix, equipment wash waters, pesticide containers, and other pesticide-containing materials.

3. Requires each pesticide business location to be licensed, rather than requiring one license for the pesticide business and the registration of each location that is owned by the person operating the pesticide business;

4. Regarding the existing $150 pesticide registration and inspection fee required for each product name and brand registered by a company, makes the fee nonrefundable;

5. Allows the Director of Agriculture (ODA Director) to establish an examination fee by rule for applicants for pesticide applicator licenses;

6. Requires a pesticide dealer to maintain records of all the restricted use pesticides the dealer has distributed, rather than requiring the dealer to submit those records to the ODA Director;

7. Regarding the ODA Director's enforcement authority for violations of the law governing pesticides, does both of the following:

a. Increases the number of days that the Director may suspend a license, permit, or registration prior to a hearing concerning a violation from ten to 30 days; and

b. In addition to other reasons for denying, suspending, revoking, refusing to renew, or modifying any license, permit, or registration, adds that the Director may take any of those actions if an applicant or holder of a license, permit, or registration has entered into an administrative or judicial settlement under the federal Insecticide, Fungicide, and Rodenticide Act.

8. Regarding one of the conditions that must be met by an individual for an exemption from the requirement to obtain a pesticide business license, specifies that the individual must not engage in the business of applying pesticides for hire, rather than specifying that the individual must not *regularly* engage in such a business as in current law.

Pesticide registration fee

The bill increases the fees relating to the annual registration of a pesticide sold or distributed in Ohio as follows:

1. From $150 to $250 for each product name and brand registered for the company whose name appears on the pesticide label;

2. From $75 to $125 for the penalty for late registration renewal; and

3. From $75 to $125 for the penalty for each product name and brand of a non-registered pesticide that is distributed in Ohio before registration.

Hemp Cultivation and Processing Program

(R.C. 928.02, 928.03, and 928.04)

Current law requires the ODA Director to establish a program to monitor and regulate hemp cultivation and processing in Ohio. "Hemp" means the plant Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of up to 0.3% on a dry weight basis.

The bill grants authority to the ODA Director to transfer jurisdiction to implement the hemp cultivation licensure program in Ohio to the U.S. Department of Agriculture. However, it retains the requirement that ODA implement a hemp processing licensure program.

The bill also eliminates all the following:

1. The provision of law that prohibits a hemp cultivation or processing license from being issued to a person who has pleaded guilty to or been convicted of a felony related to a controlled substance within the previous ten years;

2. A requirement that the ODA Director revoke, for a period of ten years, a hemp cultivation or processing license issued to a person who has pleaded guilty to or been convicted of a felony related to a controlled substance; and

3. A requirement that a license applicant comply with the general background check law. (Instead, the bill requires an applicant to comply with background check rules adopted by the ODA Director.)

Amusement rides

(R.C. 993.04, conforming change in R.C. 993.01)

Reclassification

The bill alters the current amusement ride classifications for purposes of the annual amusement ride inspection and reinspection fees. The current classifications are "kiddie rides," "roller coasters," "aerial lifts or bungee jumping facilities," and "other rides." It expands the classifications to:

1. Kiddie ride;

2. Family ride;

3. Major ride;

4. Spectacular ride;

5. Family/portable roller coaster;

6. Tower ride; and

7. Large roller coaster.

Accordingly, it also requires the ODA Director to define "inflatable ride," "kiddie ride," "family ride," "major ride," "spectacular ride," "family/portable roller coaster," "tower ride," and "large roller coaster" in rules.

Fee changes

The bill retains the $225 annual permit fee for each amusement ride (other than an inflatable ride). For an inflatable ride, the bill decreases the annual permit fee from $225 to $100. It also makes the following inspection and reinspection fee changes as follows:

Amusement ride inspection and reinspection fee changes			
Type of amusement ride	**Current fee per ride**	**New fee per ride under H.B. 96**	**Amount of change**
Family ride	$160	$200	$40 increase
Major ride	$160	$300	$140 increase
Spectacular ride	$160	$400	$240 increase
Family/portable roller coaster	$1,200	$1,200	No change
Tower ride	$160	$1,800	$1,640 increase
Large roller coaster	$1,200	$4,000	$2,800 increase
Inflatable ride – for three or fewer inflatable rides that are inspected at the same time at the same location and that are owned by the same owner	$104	$100	$4 decrease
Inflatable ride – for four to ten inflatable rides that are inspected at the same time at the same location and that are owned by the same owner	$104	$75	$29 decrease
Inflatable ride – for 11 or more inflatable rides that are inspected at the same time at the same location and that are owned by the same owner	$104	$50	$54 decrease

Apiary Law changes

(R.C. 909.01, 909.02, 909.07, 908.08, 909.09, and 909.13)

Current law establishes requirements and procedures regarding apiaries (beekeeping) and requires ODA to oversee those requirements and procedures. The requirements include annually registering an apiary, inspection of apiaries, and tracking sales of bees. Current law also allows a board of county commissioners to appoint a deputy apiarist to assist the ODA Director in inspecting apiaries.

Apiary registration

The bill makes the following changes to the requirements governing apiary registration:

1. Increases, from ten to 30 days, the deadline by which a person must register an apiary after the person comes into ownership or possession of bees or moves into Ohio with an apiary;

2. Eliminates the $5 annual registration fee and the $10 late fee for failure to meet the registration deadline;

3. Eliminates the issuance of physical certificates of registration; and

4. Requires any person with a registered apiary to ensure that the apiary is identifiable by identification number assigned to the person via posting in the apiary, rather than only requiring such posting when the person is maintaining an apiary on a premises other than the person's residence as under current law.

Sale or gift of queen bees

The bill makes the following changes regarding the law governing the sale or gift of queen bees:

1. Expands the law to include the sale of packaged bees, nucs, and bee colonies and the trade and distribution of queen bees, packaged bees, nucs, and bee colonies;

2. Requires a person that intends to sell, trade, gift, or otherwise distribute queen bees, packaged bees, nucs, or colonies to file with ODA a request for certification of all of the person's queen rearing apiaries for which certification is requested, rather than filing a request for inspection as under current law;

3. Requires the request for certification to be accompanied by a certification fee of $50 or an amount set in rules by the ODA Director;

4. Authorizes the ODA Director to require all queen rearing apiaries to be inspected as specified in rules, but at least once each year, rather than requiring inspections once each year with no authority for the Director to alter inspection frequency as under current law;

5. Expands the prohibition against distributing diseased bees to include a prohibition against distributing an apiary with bee pests;

6. Defines a "nuc" as a small colony of bees in a hive box to which all the following applies:

a. The hive box contains three to five frames;

b. The hive box contains a laying queen bee and the queen's progeny in egg, larval, pupa, and adult stages; and

c. The small colony has honey and a viable population sufficient enough to develop into a full-sized colony.

7. Makes conforming changes.

Deputy apiarist

The bill does all the following regarding a deputy apiarist:

1. For purposes of paying a deputy apiarist, requires a board of county commissioners to pay the deputy apiarist for inspection work and expenses related to that work, as the board determines, rather than requiring the board to pay for each day or half day of inspection work done as under current law;

2. Requires the ODA Director to review, rather than approve, a deputy apiarist's salary and expenses;

3. Allows the ODA Director to assign a deputy apiarist to conduct inspections in multiple counties, instead of only the county in which the deputy is appointed as under current law;

4. With respect to the ODA Director's authority to terminate a deputy apiarist, does both of the following:

a. Eliminates the requirement that the Director must submit to the board of county commissioners a statement of the reasons for termination; and

b. Expands the reasons for termination to include unethical or negligent discharge of the deputy's duties. Current law allows a deputy apiarist to be terminated for incompetent, inefficient, or untrustworthy actions in the discharge of the deputy apiarist's duties.

5. Regarding reports furnished to the ODA Director by a deputy apiarist, eliminates a requirement that a duplicate of a report be presented to the board of county commissioners each time that a deputy submits a salary or expense reimbursement request.

Enforcement authority

Finally, the bill expands the ODA Director's enforcement authority regarding the Apiary Law to include:

1. Compliance agreements between ODA and a person engaged in queen rearing where the person agrees to comply with stipulated requirements;

2. The authority to suspend any compliance agreement or any registration, certificate, or permit; and

3. The authority to revoke any registration or compliance agreement.

County appropriations for apiary inspections

The bill eliminates a board of county commissioners' authority to appropriate money in an amount it deems sufficient for the inspection of apiaries in its county.

Food processing establishment exemption

(R.C. 3715.021)

The bill exempts a small egg producer from food processing establishment regulations established by the ODA Director in rules. A "small egg producer" is any person that is engaged in the operation of egg production and annually maintains 500 or fewer birds. Generally, current law defines a "food processing establishment" as a premises or part of a premises where food is processed, packaged, manufactured, or otherwise held or handled for distribution to another location or for sale at wholesale. The ODA Director must establish standards and good manufacturing practices for processing establishments in rules. Those rules must conform with federal regulations.

Commercial Feed Law changes

(R.C. 923.42, 923.43, and 923.51)

Current law requires a person that manufactures commercial animal feed or customer-formula animal feed to register with the ODA Director. Generally, the first distributor of a commercial feed must pay a semiannual inspection fee based on the number of net tons distributed during the previous six months that a distributor files in a statement.

The bill makes the following changes regarding the commercial feed registration:

1. Clarifies that the registration must be made on an annual basis, not a semiannual basis;

2. Requires a manufacturer or distributor to pay a $50 registration fee and states that the registration must be filed by February 1 of each year and that it expires on January 31 of the following year;

3. Retains the requirement that the registration form is prescribed by the ODA Director, but eliminates the specific information that must be on the form; and

4. Declares that a commercial feed manufacturer includes an exempt buyer.

In addition, the bill changes the required submission of the commercial feed inspection fee and accompanying annual statement by the first distributor in Ohio from a semiannual submission to an annual submission and makes conforming changes. It also removes the minimum $25 commercial feed inspection fee, which is generally calculated at a rate of 25¢ per ton and, instead, exempts the first 200 tons of commercial feed sold in a calendar year from the fee. Finally, it states that the penalty for late payment of an inspection fee is 10% of the amount due or $50, whichever is greater, rather than a 10% penalty, with a minimum penalty of $50 as under current law.

Fertilizer license fee

(R.C. 905.32)

The bill makes the following changes to the annual license fee to manufacture or distribute fertilizer:

1. Increases the fee from $5 to $50; and

2. Increases the late renewal fee from $10 to $25.

Current law requires a fertilizer manufacturer or distributor to pay the fee for each fixed (permanent) location at which fertilizer is manufactured in Ohio, each mobile unit used to manufacture fertilizer in Ohio, and each location in and out of the state from which fertilizer is distributed into Ohio.

Commercial seed labeler permit

(R.C. 907.13 and 907.14)

Current law requires a person that labels agricultural, vegetable, and flower seed that is intended for sale in Ohio to be issued a seed labeler permit by the ODA Director. The bill revises the law governing the seed labeler permit as follows:

1. It increases the annual commercial seed labeler permit fee from $10 to $50;

2. It changes the expiration date of the permit from December 31 to January 31 of each year;

3. It eliminates one of the semiannual reports required to be filed with the ODA Director by a commercial seed labeler permit holder on the amount of seed the person sells in Ohio, thus requiring one annual report rather than two semiannual reports; and

Regarding the annual seed fee paid by a commercial seed labeler permit holder that is based on the amount of seed sold by the permit holder, eliminates the minimum fee of $5, and instead specifies that if the permit holder owes less than $50 for the seed fee, the permit holder is not required to pay the fee.

Bakery registration fee

(R.C. 911.02)

The bill makes the following changes to the annual bakery registration fees as follows:

1. Increases the fee for bakeries with a capacity to produce 1,000 or fewer pounds of bakery product per hour from $30 to $200;

2. Increases the fee for bakeries with a capacity to produce between 1,000 pounds and approximately 6,667 pounds of bakery product per hour from $30 per 1,000 pound, or part thereof, per hour capacity to $200; and

3. Reduces the annual bakery registration fee for bakeries with a capacity to produce approximately 6,668 pounds per hour or more of bakery product from $30 per 1,000 pounds, or part thereof, per hour capacity to $200.

4. Current law requires a person that owns or operates a bakery to annually register with the ODA Director. This registration generally includes an out-of-state bakery that sells bakery products in Ohio.

Soda water syrup or extract and soft drink syrup manufacturer

(R.C. 913.23)

The bill eliminates the registration requirement for soda water syrup or extract manufacturers or soft drink syrup manufacturers. Current law requires a person that sells or has in their possession any soda water syrup or extract or soft drink syrup for use in making or dispensing soda water or other soft drinks to annually register with the ODA Director. This requirement excludes manufacturers that are otherwise licensed as soft drink bottlers. The person must include a $100 fee and specified information with the registration, including the trade name or brand of soda water or soft drink.

Cold storage locker license fee

(R.C. 915.16)

The bill increases the annual license fee for cold storage lockers from $50 to $200. Current law requires any person operating a frozen food manufacturing facility, chill room, sharp freezing room and facilities, or sharp freezing cabinet to apply for a license. This requirement excludes a person operating a cold-storage warehouse licensed by ODA.

Nurseryperson inspection fee

(R.C. 927.53)

Current law requires a nurseryperson (a person that owns, leases, or manages a plant nursery) that produces, sells, offers for sale, or distributes woody nursery stock in Ohio or ships woody nursery stock outside Ohio to pay to the ODA Director an annual inspection fee. The bill does the following regarding that inspection fee:

1. Increases the base annual inspection fee from $100 to $200;

2. Increases the additional per-acre inspection fee for growing woody nursery stock in intensive production areas (greenhouses, liner or lath beds, and containers) from $11 per acre, or fraction of an acre, to $15 per acre, or fraction of an acre; and

3. Increases the additional per-acre inspection fee for growing woody nursery stock in nonintensive production areas (fields) from $7 per acre, or fraction of an acre, to $10 per acre, or fraction of an acre.

Annual liming material tonnage report

(R.C. 905.56, repealed and 905.57)

The bill eliminates the annual tonnage report, and the accompanying inspection fee, that a liming material licensee must file with ODA for the number of net tons of liming material sold or distributed to nonlicensees in Ohio. As a result of the elimination of the annual tonnage report, it eliminates the confidentiality of the information in the report.

Current law requires a person that manufactures, sells, or distributes liming material in Ohio to obtain an annual license from ODA. Liming material is used by farmers to neutralize soil acidity and provide crops with calcium and magnesium. A licensee must file with ODA an annual tonnage report that includes the number of net tons of liming material sold or distributed to a nonlicensee in Ohio. The licensee must file the report within 40 days of December 31 of each year.

Certificate of free sale

(R.C. 901.43)

The bill allows the ODA Director to authorize any ODA division or program to issue a certificate of free sale to any entity. A "certificate of free sale" is a document issued by the ODA Director that certifies to states and countries receiving a listed product that the product being exported is freely marketed without restriction in the U.S.

The ODA Director must adopt and enforce rules in accordance with the Administrative Procedure Act to provide for the issuance of the certificates of free sale. The ODA Director may charge a reasonable fee for issuance of a certificate of free sale. All money collected by the ODA Director related to the issuance of certificates of free sale must be credited to the appropriate program fund administered by ODA.

Ohio Grape Industries Committee

(R.C. 924.51; Section 709.10)

The bill makes the following changes to the existing Ohio Grape Industries Committee:

1. Removes the Chief of the Division of Markets of ODA from the Committee; and

2. Adds two additional members to the Committee who are residents and appointed by the ODA Director. It also establishes that the initial term for the one new member is one year and the term for the other new member is two years.

Generally, the Committee promotes Ohio's grape industry, including marketing and advertising Ohio grape products.

High-volume dog breeder kennel and pet store funds

(R.C. 956.18 and 956.181, repealed; conforming changes to R.C. 956.07, 956.10, 956.13, 956.16, 956.21, 956.22, and 956.23)

The bill renames the existing High-Volume Breeder Kennel Control License Fund the Commercial Dog Breeding Fund and makes conforming changes. It also abolishes the Pet Store License Fund and requires all pet store license fees and civil penalties to be credited to the Commercial Dog Breeding Fund. Thus, all money collected from fees and civil penalties under the law governing high-volume dog breeders and pet stores are credited to the Commercial Dog Breeding Fund and must be used to administer those laws.

Current law establishes requirements and procedures for high-volume dog breeders and pet stores. These requirements include separate licensure and separate standards of care for

dogs in the care of a breeder or pet store. The ODA Director has enforcement authority over high-volume dog breeders and pet stores, including inspection and assessment of civil penalties.

Captive cervid licensing

(R.C. Chapter 944, including renumbering from R.C. 943.20 to 943.25, 943.01, and 943.26; conforming changes in R.C. 1533.71, 1533.721, 1533.731, and 1533.77)

The bill eliminates the requirement that owners who propagate captive deer in a facility be licensed as a livestock dealer and instead creates a new regulatory scheme for these facility owners and owners of any type of cervid (which is defined as deer, moose, and elk, and their hybrids) as follows:

1. Requires all owners of a captive cervid facility to be licensed annually by the ODA Director if they own or propagate cervids;

2. Requires the ODA Director, prior to issuing a license, to inspect the applicant's facility and specifies appeal procedures if the applicant fails the inspection;

3. Establishes an annual $50 license and renewal fee for each captive cervid facility, which is deposited into the existing Animal and Consumer Protection Fund; and

4. Allows the existing Animal and Consumer Protection Fund to be used for captive cervid regulatory purposes.

However, the bill also generally retains all the following current law authority and requirements:

- Rulemaking authority that currently applies to captive cervids, including authority to adopt rules governing health monitoring, disease testing, and recordkeeping of monitored captive cervid, captive cervid with status, and captive cervid with certified chronic wasting disease status;
- All testing requirements applicable to captive cervid;
- The requirement that the ODA Director take actions that the Director determines are necessary to mitigate or eliminate the presence of chronic wasting disease or other disease at a facility owned by a captive whitetail cervid licensee under certain conditions;
- The requirement that a facility owner obtain both a captive cervid facility license under the bill's new regulatory scheme in addition to a captive whitetailed deer propagation license if the person owns or propagates captive cervid with status or captive cervid with certified chronic wasting disease;
- The requirement that a facility owner obtain both a captive cervid facility license under the bill's new regulatory scheme in addition to a wild animal hunting preserve license if the person operates a wild animal hunting preserve on which monitored captive cervid, captive cervid with status, or captive cervid with certified chronic wasting status are released and hunted;
- Civil penalties; and

- The authority for the ODA Director or the Director's authorized representative to enter at reasonable times on the premises of a captive whitetail cervid licensee to conduct investigations and inspections or to otherwise execute duties that are necessary for the administration and enforcement of the law governing captive cervids.

Livestock dealers

(R.C. 943.04, 943.26, 943.27, and 943.99, conforming change in R.C. 901.43)

Fees

The bill alters the fees charged by ODA to livestock dealers and brokers as follows:

Livestock dealer and broker fee changes			
Type of fee	**Current fee**	**New fee under H.B. 96**	**Amount of change**
Annual dealer and broker license renewal – less than 1,000 head transactions the previous year	$50	Flat $250 regardless of livestock transactions	$200 increase
Annual dealer and broker license renewal – between 1,001 and 10,000 head transactions the previous year	$125	Flat $250 regardless of livestock transactions	$125 increase
Annual dealer and broker license renewal – more than 10,000 head transactions the previous year	$250	Flat $250 regardless of livestock transactions	No change
Small dealer annual license fee	$25	$50	$25 increase
Late fee for small dealer annual license renewal	$25	$100	$75 increase
Employee of a small dealer, dealer, or broker – annual license fee	$20	$30	$10 increase

Livestock dealer and broker fee changes			
Type of fee	**Current fee**	**New fee under H.B. 96**	**Amount of change**
Licensed weigher annual license fee	$10	$30	$20 increase

The bill directs the livestock dealer and broker fees to the Animal and Consumer Protection Fund instead of the Animal and Consumer Protection Laboratory Fund as in current law (see below).

Civil penalties

The bill eliminates the first degree misdemeanor criminal penalties for violation of any prohibition of the law governing livestock dealers and brokers, except for improperly weighing or accepting bribes by a livestock weigher. Instead, it allows the ODA Director to assess a civil penalty for the violation as follows:

1. Up to $500 for a first violation within the five years;

2. Up to $2,500 for a second violation within the previous five years; and

3. Up to $10,000 for a third or subsequent violation within the previous five years.

Accordingly, the bill directs the proceeds of civil penalties to the Animal and Consumer Protection Fund.

Animal and Consumer Protection Fund

(R.C. 901.43, 904.02, 904.04, 935.06, 935.07, 935.09, 935.10, 935.16. 935.17, 935.20, 935.24, 943.04, 943.16, 943.23, and 943.26)

The bill eliminates the Livestock Care Standards Fund and Dangerous and Restricted Animal Fund and redirects the money credited to those funds to the existing Animal and Consumer Protection Fund. It also redirects money collected from livestock dealer and broker fees and fines imposed for violating the law governing livestock dealers from the Animal and Consumer Protection and Laboratory Fund to the Animal and Consumer Protection Fund. Finally, it adds that the Animal and Consumer Protection Fund must be used to administer the laws governing dangerous wild animals and restricted snakes, livestock dealers, and captive cervid.

Food Safety Fund

(R.C. 915.24)

The bill requires money received from federal contracts or cooperative agreements for the performance of ODA's prescribed duties related to food safety inspections to be deposited into the Food Safety Fund (Fund 4P70). Under current law, these grants are deposited into a general federal grant fund in which all federal grants to ODA are deposited.

AIR QUALITY DEVELOPMENT AUTHORITY

Solar Generation Fund revenue collection

- Allows the revenue requirement that must be collected from customers of electric distribution utilities (EDUs) for deposit in the Solar Generation Fund to be an amount determined by the Ohio Air Quality Development Authority (OAQDA) to be sufficient for required disbursals from the fund and for administrative costs, rather than the $20 million annual revenue requirement in current law.
- Permits the customer charge for the fund to be collected for a reasonable time beyond July 31, 2025, rather than December 31, 2027, in current law, only if necessary to reconcile actual revenue collected with the required disbursals from the fund.

Air Quality Revolving Loan Fund

- Creates the Air Quality Revolving Loan Fund as a custodial fund that consists of the proceeds of state air quality revenue bonds and notes issued by the OAQDA for the sole benefit of the fund.
- Requires the proceeds to be held in trust for the purpose of carrying out the powers and duties of the OAQDA.
- Specifies that the bonds and notes may be secured by appropriate trust agreements and repaid from money credited to the fund from principal and interest payments made from the fund.

OAQDA's receipt of federal grants or loans

- Allows the OAQDA to receive and accept from any federal agency loans of federal funds subject to the Governor's approval (in addition to grants as currently allowed) and specifies that such grants and loans are subject to the limitations of the economic development provisions in the Ohio Constitution.
- Allows the OAQDA also to receive and accept such grants or loans from a not-for-profit entity.
- Specifies that the loans of the federal funds are to be for or in aid of the construction of air quality projects or for air quality facility research and development.

OAQDA definitions

- Eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the OAQDA Law.
- Adds any property, device, or equipment comprising a facility generating green energy, as defined in the competitive retail electric service law, to the definition of "air quality facility."

Solar Generation Fund revenue collection

(R.C. 3706.46)

Current law requires all bills rendered by an electric distribution utility (EDU) to collect a PUCO approved charge from all of its retail electric customers in Ohio which, in the aggregate, is sufficient to produce a revenue requirement of $20 million annually for placement in the Solar Generation Fund. The fund is administered by the Ohio Air Quality Development Authority (OAQDA). Money in the fund is used to provide payments to the owners or operators of qualifying solar resources based on the number of solar energy credits allotted to the owner or operator pursuant to a process under continuing law, and also to cover some of OAQDA's associated administrative costs.[10]

The bill allows the revenue requirement amount collected for the fund to be determined by the OAQDA to be sufficient for the total disbursements to qualifying solar resources and OAQDA's administrative costs, rather than $20 million.

Additionally, the bill permits the PUCO-approved charge on EDU customers' bills to continue for a reasonable time beyond July 31, 2025, rather than December 31, 2027, under current law, only if it is necessary to reconcile actual revenue collected with the required disbursal amounts to qualifying solar resources.

Air Quality Revolving Loan Fund

(R.C. 3706.04(S) and 3706.042)

The bill creates the Air Quality Revolving Loan Fund in the custody of the State Treasurer and apart from the state treasury. Under the bill, this custodial fund consists of the proceeds of air quality revenue bonds and notes of the state issued by the OAQDA for the sole benefit of the fund. The proceeds in the fund must be held in trust for the purpose of carrying out the powers and duties of the OAQDA, including, for example, making loans and grants to governmental agencies for the acquisition or construction of air quality projects by these agencies. The bonds and notes may be secured by appropriate trust agreements and repaid from money credited to the fund from payments of principal and interest on loans made from the fund.

OAQDA's receipt of federal grants or loans

(R.C. 3706.04(M))

The bill authorizes the OAQDA to accept from any federal agency, subject to the Governor's approval, loans of federal funds, in addition to grants as allowed under current law. The grants and loans are subject to the economic development provisions of the Ohio Constitution in Article VIII, Section 13.[11] As added by the bill, the OAQDA may also receive and accept such grants or loans from a not-for-profit entity. Under the bill, loans for the federal funds

[10] R.C. 3706.41, 3706.49, 3706.391, and 3706.55, not in the bill.

[11] Ohio Constitution, Article VIII, Section 13.

are to be for, or in aid of, the construction of any air quality project or for air quality facility research and development.

OAQDA definitions

(R.C. 3706.01)

The bill eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the OAQDA Law.

It adds any property, device, or equipment comprising a facility generating green energy to the definition of "air quality facility." "Green energy" is defined in the existing competitive retail electric service law as any energy generated by using an energy resource that does one or more of the following: (1) releases reduced air pollutants, thereby reducing cumulative air emissions and (2) is more sustainable and reliable relative to some fossil fuels. "Green energy" includes energy generated by using natural gas as a resource and nuclear reaction.[12]

Under current law, air quality facilities, which are eligible for funding from OAQDA, are facilities designed to control air pollution and thermal pollution.

[12] The definition of "green energy" was amended by H.B. 308 of the 135th General Assembly in 2024.

DEPARTMENT OF BEHAVIORAL HEALTH

Renaming of the Department and Director

- Changes the name of the Department of Mental Health and Addiction Services to the Department of Behavioral Health (DBH).
- Changes the name of the Director of Mental Health and Addiction Services to the Director of Behavioral Health.

Summary suspension of residential facilities licensed by DBH

- Allows DBH to suspend the license of a Class 1 residential facility serving children without a prior hearing for specified reasons primarily related to actual harm or the risk of harm to a child under the care and supervision of the facility.

Grounds for disciplinary action

- Consolidates the reasons for which DBH may impose disciplinary actions against facilities and service providers by allowing the actions to be taken on the same grounds at any time, either when an initial license or certification is sought or after it has been received.

Notice of adverse actions taken by other regulators

- Extends the duty to report adverse actions to DBH by also requiring reports to be made of adverse actions taken against a subsidiary of an applicant or specified associates.
- Specifies that "adverse action," in the context of which regulatory actions must be reported to DBH, does not include disciplinary actions taken by DBH itself.
- Permits DBH to impose sanctions based on adverse actions not only when it receives a required notice, but also when it otherwise becomes aware of an adverse action, as long as the action was taken in the preceding three-year period.

Subsidiaries of opioid treatment programs

- Requires a subsidiary of an opioid treatment program provider or a subsidiary of the provider's owner or sponsor to have been in good standing to operate an opioid treatment program in all other locations during the three-year period preceding application for licensure.

Certified community behavioral health clinics

- Permits DBH to establish a process and standards for the state certification of federally certified community behavioral health clinics (CCBHCs) if there is sufficient state and federal funding available.
- Requires DBH to determine, in the absence of sufficient funding to certify CCBHCs, how an integrated care approach for the provision of substance use disorder (SUD) and mental health treatment could be implemented through pilot projects or other initiatives.

Statewide mobile crisis system

- Requires DBH to coordinate with other government entities to assist with the development and implementation of a statewide system of mobile crisis services, if there is sufficient state and federal funding available.
- Requires DBH to determine, in the absence of sufficient funding for a statewide system of mobile crisis services, how pilot programs or other initiatives for mobile crisis services could be implemented.

Behavioral health block grants

- Permits DBH to use GRF for block grants that provide flexibility for ADAMHS Boards to provide harm reduction, prevention, SUD treatment, mental health treatment, recovery supports, and crisis services.
- Requires the Director of DBH to establish block grant distribution methodologies, allowable uses of block grants, and a uniform reporting structure regarding the expenditures, uses, and outcomes of the block grants.

Community innovations

- Requires the DBH Director to identify programs, projects, or systems where targeted financial investments may decrease demand for DBH services and improve outcomes for Ohioans with mental illnesses or addictions.

Pretrial behavioral health intervention pilot program

- Requires DBH, if funds are available, to establish and operate a pretrial behavioral health intervention pilot program to divert defendants with serious mental illnesses and SUDs from the criminal justice system into community-based treatment and support services.
- Requires providers selected to operate the program to screen defendants identified by local prosecutors for eligibility and develop individualized transition plans.
- Permits the dismissal or modification of criminal charges against a defendant on the defendant's successful completion of treatment.
- Requires DBH to submit a report to the Governor and relevant legislators evaluating the pilot program and making recommendations on whether the program should be continued or expanded into a statewide program.

Incompetency finding or not guilty by reason of insanity – mental health evaluations

- Eliminates the required mental health evaluation conducted by the local forensic center, but retains the required mental health evaluation conducted by DBH or other entity.
- Allows the prosecutor to request an independent evaluation of a person's mental health.
- Allows an examiner, rather than only a local forensic center, to conduct an independent evaluation of a person's mental health.

- Applies procedures for developing a recommendation and plan that previously applied to the required mental health evaluation to the permissive mental health evaluations.

Recovery housing – confidentiality of investigative materials

- Establishes confidentiality requirements regarding complaints and information received or generated by DBH in the investigation of complaints involving recovery housing residences.
- Allows for disclosure of complaint information in identified circumstances.

Patient billing for care in state-operated psychiatric hospitals

- Permits DBH to calculate the amount it bills for care in a DBH-operated hospital according to the hospital's ancillary per diem rate, if DBH determines that the ancillary per diem rate applies instead of the hospital's per diem charge.
- Requires, if a patient has health benefits that cover less than the calculated charge, that the patient (or the patient's estate or liable relatives) pay the lesser of: (1) the balance that remains or (2) the amount that applies after DBH takes into consideration the patient's eligibility for existing discounts and other payment reductions.

Behavioral Health Drug Reimbursement Program

- Changes the funding model used by the Behavioral Health Drug Reimbursement Program from one that is solely reimbursement to one of financial assistance.

Renaming of the Department and Director

(R.C. 121.02 and 5119.011; conforming changes in numerous R.C. sections)

The bill changes the name of the Department of Mental Health and Addiction Services to the Department of Behavioral Health (DBH). In turn, the Director of Mental Health and Addiction Services is renamed the Director of Behavioral Health.

Whenever the Department or Director of Mental Health and Addiction Services is referred to or designated in any statute, rule, contract, grant, or other document, the bill requires that the reference or designation be construed as the Department or Director of Behavioral Health, respectively.

This analysis will use the proposed new names, and their corresponding acronyms, when referencing the Department or Director. This applies to discussions of both current law and provisions of the bill.

Summary suspension of residential facilities licensed by DBH

(R.C. 5119.34 and 5119.344)

The bill allows DBH to suspend the license of a Class 1 residential facility that serves children without a prior hearing. Under existing law, unchanged by the bill, a Class 1 residential facility provides accommodations, supervision, and personal care services for one or more

unrelated adults with mental illness or one or more unrelated children or adolescents with severe emotional disturbances.[13]

The bill specifies the following as circumstances for suspension:

- A child suffers a serious injury or dies while residing in the residential facility.
- DBH, a public children services agency (PCSA), or a county department of job and family services determines that a principal, employee, volunteer, or nonresident occupant of the residential facility created a serious risk to the health or safety of a child residing in the facility that resulted in or could have resulted in a child's death or injury.
- A principal, employee, resident, volunteer, or nonresident occupant of the facility was charged by an indictment, information, or complaint with an offense relating to the death, injury, or sexual assault of another person that occurred on facility premises.
- A principal, employee, volunteer, or nonresident occupant of the facility was charged by an indictment, information, or complaint with an offense relating to the death, injury, or sexual assault of a child residing in the facility.
- A PCSA receives a report of abuse or neglect and the person alleged to have inflicted abuse or neglect on the child and is the subject of the report is either of the following:
  - A principal of the residential facility;
  - An employee of the residential facility who has not been immediately placed on administrative leave or released from employment.
- The residential facility is not in compliance with administrative rules pertaining to background investigations for owners, operators, employees, and other specified individuals.

The bill defines a "principal" as an owner, operator, or manager of a Class 1 residential facility.

If DBH suspends a license without a prior hearing, the agency must comply with existing law notice requirements, and the owner of the facility may request an adjudicatory hearing. Notice and hearing must be conducted pursuant to the Administrative Procedure Act. If a hearing is requested and DBH does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day, unless the hearing is continued on agreement by the parties or for good cause.

A summary suspension remains in effect until any of the following occurs:

- The PCSA completes its investigation of the report of abuse and neglect and determines that all of the allegations are unsubstantiated.
- All criminal charges are disposed of through dismissal or a finding of not guilty.

[13] R.C. 5119.34(B)(1)(a).

- DBH issues a final order terminating the suspension in accordance with the Administrative Procedure Act.

The bill prohibits a residential facility from placing children in the facility while a summary suspension remains in effect. Upon issuing the order of suspension, DBH must place a hold on the facility's license or indicate that the license is suspended in the Statewide Automated Child Welfare Information System.

The bill allows the DBH Director to adopt rules in accordance with the Administrative Procedure Act to establish standards and procedures for the summary suspension of licenses. The bill also specifies that these provisions do not limit DBH's authority to take other actions, such as issuing an order suspending the admission of residents to a residential facility, refusing to issue or renew a license for a facility, or revoking a facility's license under existing law adjudication procedures.

Grounds for disciplinary action

(R.C. 5119.33, 5119.34, 5119.36, and 5119.99)

Current law permits DBH to issue a license to operate a hospital for the treatment of persons with mental illness or a residential facility, or to issue a certificate for certifiable services and supports, if the applicant can demonstrate the availability of adequate staff and equipment and DBH has not been notified or is not otherwise aware of relevant adverse action taken against the applicant or certain associates of the applicant. Instead, the bill consolidates this requirement with other existing disciplinary provisions to allow DBH to deny, refuse to renew, or revoke a license for the aforementioned reasons.

Notice of adverse actions taken by other regulators

(R.C. 5119.33, 5119.334, 5119.34, 5119.343, 5119.36, and 5119.367)

When submitting an application for initial or renewed hospital licensure, residential facility licensure, or certifiable services and supports certification, an applicant is currently required to notify DBH of any adverse action taken against a specified entity or associate of the applicant within the preceding three years. For hospital licensure this includes the hospital and any owner, sponsor, medical director, administrator, or principal of the hospital. For residential facility licensure this includes the residential facility and any owner, operator, or manager of the facility. For certifiable services and supports certification, this includes the applicant and any owner or principal of the applicant.

The bill extends this requirement to also include the reporting of adverse action taken within three years against any subsidiary of a hospital, owner, or sponsor; residential facility, owner, or operator; or applicant or owner for hospitals, residential facilities, and certifiable services and supports respectively. The bill also specifies that adverse action taken by DBH is not included in the reporting requirement, as DBH would already have a record of the action.

Current law permits DBH to refuse to issue a license or certification if adverse action was taken during the three-year period immediately preceding the date of application. The bill expands the potential to act on adverse action by allowing DBH to refuse to issue, refuse to

renew, or revoke a license for adverse action taken during the three-year period immediately preceding the date of notification or date of becoming aware of the adverse action.

Subsidiaries of opioid treatment programs

(R.C. 5119.37)

Current law requires a provider seeking a license to operate an opioid treatment program and any owner, sponsor, medical director, administrator, or principal of the provider to have been in good standing to operate an opioid treatment program in all other program locations during the three-year period preceding the date of application. The bill additionally requires a subsidiary of the provider or a subsidiary of the provider's owner or sponsor to have been in good standing to operate an opioid treatment program for that time period.

Certified community behavioral health clinics

(R.C. 5119.211; Section 337.200)

The bill permits DBH to establish a process and standards for the state certification of federally certified community behavioral health clinics (CCBHCs). CCBHCs are designed to ensure access to coordinated comprehensive behavioral health care. CCBHCs provide 24/7 crisis services, comprehensive behavioral health services that help people avoid seeking support across multiple providers, and care coordination that helps people navigate behavioral health care, physical health care, and social services.

If DBH begins certifying CCBHCs, the Department may coordinate with local, state, and federal government entities for the development and establishment of the clinics. The DBH Director may adopt rules as necessary for the certification of CCBHCs.

DBH may certify CCBHCs only if there is adequate state and federal funding available. If funding is insufficient for the certification of CCBHCs, DBH must determine whether and to what extent pilot projects or other initiatives could be implemented to support an integrated care approach for the provision of substance use disorder (SUD) and mental health treatment.

Statewide mobile crisis system

(Section 337.190)

The bill requires DBH to work with local, state, and federal government entities to develop and implement a statewide system of mobile crisis services for adults and children. The development of this statewide system is contingent on the availability of state and federal funding. If there is not sufficient funding for a full system, DBH must determine how pilot projects or other initiatives for the provision of mobile crisis services could be implemented.

Behavioral health block grants

(Section 337.20)

The bill permits DBH to use GRF for the creation of block grants for boards of alcohol, drug addiction, and mental health services (ADAMHS boards). The block grants are intended to provide flexibility for ADAMHS boards to disburse funds to behavioral health providers to provide harm reduction, prevention, SUD treatment, mental health treatment, recovery supports, and

crisis services in local communities. There are six separate block grants that may be created, and the Director of DBH is responsible for establishing allowable uses for each type of block grant. The six types of block grants and suggested allowable uses are presented in the table below.

Behavioral health block grants		
Block grant	**Purpose**	**Suggested allowable uses**
Prevention State Block Grant	Provision of evidence-based or evidence-informed early intervention, suicide prevention, and other prevention services.	▪ Prevention across the lifespan; ▪ Suicide prevention across the lifespan; ▪ Early intervention; ▪ Cross-system collaboration to address prevention needs in the community.
Crisis Services State Block Grant	Provision of crisis services and supports.	▪ Substance use and mental health crisis stabilization centers; ▪ Crisis stabilization and crisis prevention services and supports; ▪ Cross-systems collaborative efforts to address crisis services needs in the community.
Mental Health State Block Grant	Provision of mental health services and recovery supports.	▪ Mental health services, including the treatment of indigent mentally ill persons subject to court order in hospitals or inpatient units; ▪ Cross-system collaborative efforts to serve adults with serious mental illnesses who are involved in multiple human services or criminal justice systems; ▪ Other initiatives designed to address mental health needs.
Substance Use Disorder State Block Grant	Provision of alcohol and drug addiction services and recovery supports.	▪ Initiatives concerning alcohol and drug addiction services; ▪ Substance use stabilization centers; ▪ Cross-system collaborative efforts to address SUD needs in the community.
Recovery Supports State Block Grant	Provision of recovery supports.	▪ Subsidized support to meet the psychotropic and SUD treatment medication needs of indigent citizens in

Behavioral health block grants		
Block grant	**Purpose**	**Suggested allowable uses**
		the community to reduce unnecessary hospitalization due to lack of medication; ▪ Peer support; ▪ Operational expenses and minor facility improvements for class two and class three residential facilities and recovery housing residences; ▪ Community integration supports; ▪ Cross-system collaborative efforts to address recovery support needs in the community.
Criminal Justice State Block Grant	Provision of services and supports to incarcerated individuals and individuals being discharged from prisons and jails.	▪ Medication-assisted treatment (MAT) and treatment involving drugs used in withdrawal management or detoxification; ▪ Community reintegration supports; ▪ SUD treatment and mental health treatment, including the provision of such treatment as an alternative to incarceration, as well as recovery supports; ▪ Forensic monitoring and tracking of individuals on condition release; ▪ Forensic and crisis response training; ▪ Projects that assist courts and law enforcement in identifying and developing appropriate alternative services to incarceration for nonviolent offenders with mental illnesses; ▪ Services to incarcerated individuals with SUD, severe mental illness, or both, including screening and clinically appropriate treatment; ▪ Linkages to, and the provision of, SUD treatment, mental health treatment, recovery supports, and specialized re-entry services for incarcerated individuals leaving prisons and jails;

Behavioral health block grants		
Block grant	**Purpose**	**Suggested allowable uses**
		▪ Support of specialized dockets, including the expansion of existing MAT drug court programs, the creation of new MAT drug court programs, and assistance with the administrative expenses of participating courts, community addiction services providers, and community mental health services providers; ▪ Cross-system collaborative efforts to address the needs of individuals involved in the criminal justice system.

The DBH Director is responsible for creating methodologies to guide the distribution of block grant funds to ADAMHS Boards. The Director must consider population indicators, poverty rates, health workforce shortage statistics, relevant emerging behavioral health trends, and the amount of FY 2025 awards made to each ADAMHS Board for related programs.

The Director must also create a uniform reporting structure to track the expenditures, uses, and outcomes of the block grants. The data must be made available in accordance with Ohio data governance best practices and federal and state security standards.

Community innovations

(Section 337.100)

The bill requires the DBH Director to evaluate programs, projects, or systems operated at least partly outside of the Department where a targeted financial investment is expected to decrease demand for DBH or other state resources or measurably improve outcomes for Ohioans with mental illnesses or addictions. The Director is responsible for selecting private not-for-profit entities to receive funds. Each recipient must enter into an agreement with DBH identifying allowable expenditures of funds, other commitment of funds or other resources, expected state savings or improved outcomes and the proposed mechanisms for such savings or outcomes, and required reporting regarding expenditures and outcomes.

Additional funds are appropriated to support workforce development initiatives, provide behavioral health access and opportunities, support peer-run organizations, and coordinate care across the behavioral health continuum.

Pretrial behavioral health intervention pilot program

(Sections 337.50 and 751.10)

If necessary funds are available, the bill requires DBH to establish and operate a pretrial behavioral health intervention pilot program. The Department of Rehabilitation and Correction must assist with the pilot program at the request of DBH. The pilot program is intended to divert

defendants who are booked in jails and have serious co-occurring mental illnesses and SUDs from the criminal justice system into community-based treatment and support services. The overarching goal is to reduce criminal justice recidivism and improve behavioral health outcomes for participants.

The DBH Director must choose up to three areas of the state to operate the pilot program and specify eligibility criteria for defendants' participation. The Director may use a competitive bidding process to select one or more community mental health services providers or community addiction services providers to operate components of the program.

The first component of the pilot program is an initial screening process, where defendants identified by local prosecutors are evaluated for signs and symptoms of serious mental illnesses and co-occurring SUDs. Next, each defendant undergoes a medical screening process to determine if medical contraindications exist to the defendant participating in the program. Each eligible defendant is given an individualized treatment plan aimed at reducing criminal justice recidivism and improving psychiatric outcomes, recovery, and community integration. A defendant's progress must be monitored throughout the program and periodically reported to the relevant court. After a treatment and stabilization period, charges against the defendant may be dismissed or modified if the defendant successfully completed treatment and other elements of the individualized transition plan. DBH may implement additional program components and may adopt rules as necessary to implement the pilot program.

Before admitting a defendant to the pilot program, the defendant must be informed of the program's purpose and the consequences of not complying with the transition plan, including treatment. The defendant must agree in writing to participate in the program and sign a consent for release of records, including SUD patient records, if applicable.

The pilot program must begin by October 1, 2026, and it concludes on June 30, 2029. By March 1, 2029, the DBH Director must submit a report to the Governor, the Speaker of the House of Representatives, the President of the Senate, and the chairpersons of the committees of each house with responsibility for behavioral health care and criminal justice policy. The report must include an evaluation of the pilot program and recommendations on whether the program should be continued or expanded into a statewide program.

Incompetency finding or not guilty by reason of insanity – mental health evaluations

Required mental health evaluation by DBH

(R.C. 2945.401)

Under current law unchanged by the bill, a defendant or person may be committed to DBH or an institution, facility, or program because the person is incompetent to stand trial, is a person with a mental illness subject to a court order, or is a person with an intellectual disability subject to institutionalization by a court order. DBH or the institution, facility, or program to which the defendant or person has been committed must report in writing to the trial court as to whether the person remains incompetent to stand trial, a person with a mental illness subject to a court order, or a person with an intellectual disability subject to institutionalization by a court

order. DBH or the institution, facility, or program must make the written reports after the initial six months of treatment and every two years after the initial report is made. Within 30 days after receipt of the written report from DBH or the institution, facility, or program, the trial court must hold a hearing on the continued commitment of the defendant or person.

Permissive mental health evaluation by examiner

(R.C. 2945.401)

Request for evaluation by prosecutor

The bill eliminates the requirement that the local forensic center conduct an evaluation of the defendant or person, but retains provisions that require the MHA or institution, facility, or program to submit a written report to the trial court (see "**Required mental health evaluation by DBH**" above) and that allow the prosecutor to request an independent evaluation of the defendant's or person's mental condition. The bill also allows any "examiner" to evaluate the defendant's or person's mental condition, rather than only a local forensic center (see below).

The bill provides that if the MHA's designee recommends termination of the defendant's or person's commitment or the first of any nonsecured status, DBH's designee must send notice of the recommendation to the trial court. Upon receiving notice of the hearing, the prosecutor may request an independent evaluation of the defendant's mental condition. If the prosecutor requests an independent evaluation of the defendant's or person's mental condition, the trial court must order an evaluation of the defendant's or person's mental condition. The trial court must send an examiner a copy of the order for the evaluation and the written notice of the recommendation of DBH's designee and notify the examiner of the hearing.

Under current law, DBH's designee must send notice of the recommendation to the trial court and to the local forensic center. The local forensic center must evaluate the defendant or person. In addition to the required evaluation by the local forensic center, the prosecutor may obtain an independent evaluation of the defendant's or person's mental condition.

The bill uses the current law definition of "examiner" which means either of the following:[14]

- A psychiatrist or licensed clinical psychologist who satisfies specified license criteria or who is employed by a certified forensic center designated by DBH to conduct examinations or evaluations;
- For purposes of a separate intellectual disability evaluation that is ordered by a court in specified circumstances, a psychologist designated by the Director of Developmental Disabilities to conduct that separate intellectual disability evaluation.

[14] R.C. 2945.37, not in the bill.

Evaluation, recommendation, and plan

The bill applies procedures for developing a recommendation and plan that previously applied to the required mental health evaluations by a local forensic center to the permissive mental health evaluations by an examiner. The bill also removes a requirement that DBH's designee must work or consult with community health boards in developing a recommendation and plan.

If the prosecutor requests an independent evaluation of the defendant's or person's mental condition, the bill requires the examiner (previously local forensic center) to submit to the trial court and DBH's designee a written report of the evaluation. The written report must be submitted within 30 days after the examiner receives the order and written notice. The trial court must provide a copy of DBH's designee's written notice and of the examiner's (previously local forensic center's) submission of the report to the prosecutor and to counsel for the defendant or person. Upon the examiner's (previously local forensic center's) submission of the report to the trial court and DBH's designee, all of the following apply:

1. If the examiner (previously forensic center) disagrees with the recommendation of DBH's designee, it must inform DBH's designee and the trial court of its decision and reasons for the decision. DBH's designee, after consideration of the examiner's (previously forensic center's) decision, must either withdraw, proceed with, or modify and proceed with the recommendation. If DBH's designee proceeds with, or modifies and proceeds with, the recommendation, DBH's designee must proceed according to (3) below.

2. If the examiner (previously forensic center) agrees with the recommendation of DBH's designee, it must inform DBH's designee and the trial court of its decision and reasons for the decision, and DBH's designee must proceed according to (3) below.

3. If the examiner (previously forensic center) disagrees with the recommendation of DBH's designee and DBH's designee proceeds with or modifies and proceeds with, the recommendation or if the examiner (previously forensic center) agrees with the recommendation of DBH's designee, DBH's designee must work with the community mental health services providers, programs, facilities, boards of alcohol, drug addiction, and mental health services (previously included community mental health boards) to develop a plan to implement the recommendation. If the defendant or person is on medication, the plan must include a system to monitor the defendant's or person's compliance with the prescribed medication treatment plan. The system must include a schedule that clearly states when the defendant or person must report for a medication compliance check. The medication compliance checks must be based upon the effective duration of the prescribed medication, taking into account the route by which it is taken, and must be scheduled at intervals sufficiently close together to detect a potential increase in mental illness symptoms that the medication is intended to prevent.

DBH's designee, after consultation with the board of alcohol, drug addiction, and mental health services serving the area, must send the recommendation and plan developed in (3) above, in writing, to the trial court, prosecutor, and counsel for the defendant or person.

Hearing

The bill clarifies that the trial court must set a date for the hearing not later than 30 days after the date that the trial court receives the written notice. The trial court must notify the prosecutor and counsel for the defendant or person of the hearing. The bill allows the trial court to continue the hearing for the independent evaluation requested by the prosecutor or for other good cause.

If the prosecutor does request an independent evaluation of the defendant's or person's mental condition, the bill requires the trial court to conduct a hearing on the recommendation and plan (see "**Evaluation, recommendation, and plan**" above).

If the prosecutor does not request an independent evaluation of the defendant's or person's mental condition, the bill requires the trial court to hold the hearing on DBH's designee's recommendation and consider DBH's or the institution's, facility's, or program's most recent written report.

Under current law, the trial court must schedule a hearing on DBH's designee's recommendation for termination of commitment or nonsecured status and give reasonable notice to the prosecutor and counsel for the defendant or person. Unless continued for independent evaluation at the prosecutor's request or for other good cause, the hearing must be held within 30 days after the trial court's receipt of the recommendation and plan.

Evidence

The bill clarifies that the prosecutor may introduce the written report of the independent evaluation or present other evidence at the hearing in accordance with the Rules of Evidence. Under current law, the prosecutor may introduce the evaluation report or present other evidence at the hearing in accordance with the Rules of Evidence.

Recovery housing – confidentiality of investigative materials

(R.C. 5119.393 and 5119.394)

The bill establishes confidentiality requirements regarding complaints and information received or generated by DBH or its contractors during the investigation of complaints involving recovery housing residences. Complaints and information determined to be confidential under the bill are not considered public records, are exempt from the laws governing state and local agencies' personal information systems (R.C. Chapter 1347), and are not subject to discovery in any civil action.

Confidential complaints and information may be disclosed in the following circumstances:

- When required by law;
- When shared with other regulatory agencies or officers;
- When admitted into evidence in a criminal trial or administrative hearing if appropriate measures are taken to ensure confidentiality; and
- When included by reference as part of DBH's registry of recovery housing residences, as long as DBH makes its best effort to protect confidentiality.

Patient billing for care in state-operated psychiatric hospitals

Calculation of base charge

(R.C. 5121.33; conforming changes in R.C. 5121.30, 5121.32, 5121.34, and 5121.41)

Regarding the methodology that DBH follows in determining how much a patient, patient's estate, and liable relative must be charged for each day of care and treatment received in a DBH-operated hospital for mental illnesses, the bill makes the following modifications:

- Allows the amount to be calculated by multiplying the number of days of admission by whichever of the following DBH determines applies: the hospital's per diem charge or its ancillary per diem rate. (Current law requires DBH to use only the per diem charge when making the calculation. DBH must determine both types of rates, but the ancillary rate is currently used only when calculating the discounted charges for care provided beyond 30 days to patients with incomes between 175% and 400% of the federal poverty level.)
- Removes the requirement to add any unpaid amounts to the charges calculated for each billing cycle. (The collection of delinquent payments is accounted for in a separate provision of current law.[15])

Coordination with health benefits

(R.C. 5121.43)

Regarding a patient in a DBH-operated hospital who has a health insurance policy or contract with coverage of hospital-based mental health services, the bill maintains the duty of the patient to assign to DBH all payments that may be received for care and treatment in the hospital. Current law, however, does not expressly address what occurs if the payments received through health benefits do not cover the full amount that DBH calculates as the hospital's base charge, as described above.

Under the bill, if the amount received through health benefits is less than DBH's calculated base charge, the patient (or the patient's estate or liable relatives) must pay the lesser of the following:

- The amount of the base charge that remains after subtracting the amount received through health benefits;
- The amount of the base charge that applies after DBH takes into consideration any of the discounts and other payment reductions that may be offered under existing law to a patient, according to a financial assessment of the patient's assets and annual income.

The bill eliminates a corresponding provision under which a patient with health benefits is ineligible for DBH's discounts and other payment reductions while the patient's insurance policy or other contract is in force.

[15] See R.C. 5121.45, not in the bill.

Behavioral Health Drug Reimbursement Program

(R.C. 5119.19)

DBH operates the Behavioral Health Drug Reimbursement Program, which provides state funds to counties for the cost of certain drugs provided to inmates of county jails, including psychotropic drugs, drugs used in medication-assisted treatment, and drugs used in withdrawal management or detoxification. The bill changes the program's funding model, which is currently limited to a system of reimbursement. The bill, instead, authorizes a model of financial assistance, where allocations of state funds may be provided either before or after the cost of the drugs is incurred.

OFFICE OF BUDGET AND MANAGEMENT

Impact of federal grant suspension

- States that if the federal government reduces or suspends any federal program that provides funding for a corresponding state program, that state program may be reduced or suspended.

OBM support services

- Requires OBM to perform routine support services for the New African Immigrants Commission.
- Authorizes OBM to perform routine support services for any board or commission upon request.

Targeted Addiction Assistance Fund

- Creates the Targeted Addiction Assistance Fund to receive all funding awarded to the state to address the effects of the opioid crisis.

State Land Royalty Fund

- Revises the requirements and procedures regarding the transfer of money derived from oil and gas leases on state land from the existing State Land Royalty Fund (SLRF) to individual funds administered by state agencies.
- Creates two funds for such transfers for DNR and ODOT, but leaves ambiguous the funds to be used by other state agencies by removing the authority for those agencies to designate which fund the oil and gas revenue should be deposited into.

Computer data center tax exemption application

- Removes the OBM Director as one of the persons who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for an eligible computer data center.

Automated Title Processing Board

- Removes the OBM Director as a nonvoting member of the Automated Title Processing Board.

Impact of federal grant suspension

(R.C. 126.10)

The bill states that, notwithstanding any provision of law to the contrary, if the federal government reduces or suspends any federal program that provides federal funds for any corresponding state program, that state program may be reduced or suspended. The bill does not specify who makes the determination to reduce or suspend the program. That reduction or

suspension includes any contract, agreement, memorandum of understanding, or any other covenant entered into by the state that is dependent on federal funding.

The bill defines a state program as any program, initiative, or service administered or overseen by an agency, which includes any board, department, division, commission, bureau, society, council, or public institution of higher education, but does not include the General Assembly, the Controlling Board, the Adjutant General, or any court.

OBM support services

(R.C. 126.42)

The bill requires the Office of Budget and Management (OBM) to provide routine support services for the New African Immigrants Commission, in addition to the 16 other boards that currently must receive these services. Also, the bill authorizes OBM to perform routine support services for any board or commission upon request. Current law provides discretionary authority for OBM to perform the services for any professional or occupational licensing board or commission.

Under continuing law, routine support services include tasks such as preparing and processing payroll, maintaining ledgers of accounts and balances, and routine human resources and personnel services.

Targeted Addiction Assistance Fund

(R.C. 126.67)

The Targeted Addiction Assistance Fund is created in the state treasury, to consist of all money awarded to the state by court order that is intended to address the effects of the opioid crisis, unless that money is specifically directed elsewhere by the court.

State Land Royalty Fund

(R.C. 131.50)

The bill revises the requirements and procedures regarding money transferred from the existing State Land Royalty Fund (SLRF). The SLRF is the fund into which money is credited from the proceeds of oil and gas leases entered into by state agencies. Under current law, the Treasurer of State, in consultation with OBM, must transfer money from the SLRF to the appropriate fund designated by a state agency. The bill creates two new funds that must be used for deposits intended for DNR and ODOT − the Natural Resources Land Royalty Fund and the Transportation Land Royalty Fund. For other state agencies, the bill removes the authority for the state agency to designate a fund for oil and gas lease deposits. Instead, it leaves the designation authority ambiguous.

Computer data center tax exemption application

(R.C. 122.175)

The bill removes the OBM Director as one of the persons who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for an eligible computer data center.

Under continuing law, the Tax Commissioner and DEV Director receives copies of the application and reviews the application to determine the economic impact that the proposed eligible computer data center would have on Ohio and any affected political subdivisions. The Tax Commissioner and DEV Director submit a summary of their determinations to the tax credit authority. Upon review of the determinations, the tax credit authority may enter into an agreement with the application and any other taxpayer that operates a computer data center business at the project site for a complete or partial tax exemption on the taxes imposed on computer data center equipment used or to be used at an eligible data center.

Automated Title Processing Board

(R.C. 4505.09)

The bill removes the OBM Director as a nonvoting member from the Automated Title Processing Board. The Board facilitates the operation and maintenance of an automated title processing system and approves the procurement of automated title processing system equipment and ribbons, cartridges, or other devices necessary for the operation of the equipment. Under continuing law, the Chief of the Division of Parks and Watercraft in DNR or the Chief's designee and the Tax Commissioner or Commissioner's designee are nonvoting members of the Board. The Board also consists of five voting members, which includes the Deputy Registrar or Registrar's representative, a person selected by the Registrar, the President of the Ohio Clerks of Courts Association or the President's representative, and two clerks of courts of common pleas appointed by the Governor.

Under continuing law, the Board determines the following:

- The automated title processing equipment and certificates of title requirements for each county;
- The payment of expenses that may be incurred by the counties in implementing an automated title processing system;
- The repayment to the counties for existing title processing equipment; and
- With the approval of the DPS Director, award of grants from the automated title processing fund to the clerk of courts of any county who employs a person who assists with the design of, updates to, tests of, installation of, or any other activity related to an automated title processing system.

CHEMICAL DEPENDENCY PROFESSIONALS BOARD

Terminology change

- Replaces the term "chemical dependency" with "substance use disorder" and modifies associated definitions.

Peer supporters

- Requires the Chemical Dependency Professionals (CDP) Board to provide certification for peer recovery supporters, youth peer supporters, and family peer supporters.
- Requires peer supporters to practice under supervision.
- Establishes a peer support supervisor endorsement, which must be obtained by a peer supporter or other chemical dependency professional to serve as a supervisor.
- Permits other mental health professionals to supervise peer supporters after completing training requirements established by Board rule.

Prevention services

- Modifies the definition of "prevention services" and requires the Board to adopt standards for the practice of prevention services.
- Changes credentialing of prevention specialists and prevention consultants from certification to licensure.

Chemical dependency counselor assistants

- Requires an individual seeking certification as a chemical dependency counselor assistant to be at least 18 and hold a high school diploma, a certificate of high school equivalence, or a higher degree.
- Changes the designation that applies to the first certification that is received to practice as a chemical dependency counselor assistant from "initial" to "preliminary."
- Eliminates additional training requirements for preliminary certificate holders, and instead, requires the Board to establish the standards by rule.
- Prohibits the Board from renewing or restoring a chemical dependency counselor assistant preliminary certificate.

Approval of education programs

- Requires the Board to approve education programs that may be completed for initial licenses, certificates, and endorsements.
- Extends, for the Board's approval of additional education programs, the Board's duty to establish fees and adopt rules.

Applications

- Requires applicants for licensure, certification, or endorsement from the Board to submit an application in the manner the Board prescribes.
- Requires applicants for licensure, certification, or endorsement from the Board to hold a required degree "or higher."

Discipline

- Permits the Board to impose fines as a form of professional disciplinary action against its license, certificate, and endorsement holders.
- Requires the Board to adopt rules establishing a graduated system of fines, based on the scope and severity of violations and history of compliance, with a maximum fine of $500 per incident.
- Permits the Board to discipline an individual credentialed by the Board for an inability to practice due to mental illness or physical illness.
- Permits the Board to discipline an individual credentialed by the Board for conviction in another jurisdiction of either a felony or misdemeanors committed in the course of practice.

Internships, practicums, and work experience

- Permits the Board to require internships or practicums as a condition of licensure, certification, or endorsement, instead of preceptorships as specified by current law.
- Requires work or internship experience for a license as a chemical dependency counselor to include services provided for substance use disorder treatment within a scope of practice to perform such services.

Criminal records checks

- Requires applicants for licensure, certification, or endorsement from the Board to undergo a criminal records check.
- Requires the Board to adopt rules regarding criminal records checks.

Alternative pathways to licensure

- Eliminates pathways to licensure that require the professional to hold formerly accepted credentials on December 23, 2002.
- Eliminates a pathway to licensure as a chemical dependency counselor II that requires a professional to have held a certificate as a chemical dependency counselor assistant since 2008 and meet other requirements.
- Eliminates a pathway for licensure as an independent chemical dependency counselor-clinical supervisor for applicants who held a license on March 22, 2013, under which an applicant is not required to pay a fee or comply with other licensure requirements.

Codes of ethics

- Requires the codes of ethics adopted by the Board to prohibit engaging in multiple relationships with clients.
- Expands specific requirements for the development of codes of ethics to apply to all professionals credentialed by the Board.

Referrals

- Eliminates the statutory authority of chemical dependency professionals and gambling endorsement holders licensed, certified, and endorsed by the Board to refer individuals to appropriate sources of help.

Board membership

- Adds a chemical dependency counselor assistant and an individual who is a peer recovery supporter, youth peer supporter, or family peer supporter to the Board.
- Replaces the Board member who is a physician with experience practicing in a field related to chemical dependency counseling with a specified health care worker or counselor who is employed or contracted by a community addiction services provider or community mental health services provider.
- Increases to nine the number of members who must be present to constitute a quorum.

Chemical dependency counselor I license

- Eliminates obsolete references to the chemical dependency counselor I license, for which initial licensure was eliminated in 2002 and renewals ceased in 2008.

Eliminated requirements

- Eliminates a requirement that each license or certificate include the Board's address and telephone number.
- Eliminates a requirement that a holder of a license, certificate, or endorsement issued by the Board prominently post that license, certificate, or endorsement at the holder's place of employment.

Terminology change

(R.C. 4758.01; conforming changes in R.C. 4757.41, 4758.02, 4758.03, 4758.10, 4758.13, 4758.20, 4758.22, 4758.221, 4758.23, 4758.30, 4758.31, 4758.36, 4758.39, 4758.40, 4758.41, 4758.42, 4758.43, 4758.54, 4758.55, 4758.56, 4758.57, and 4758.59)

The bill replaces the term "chemical dependency" with "substance use disorder" throughout R.C. Chapter 4758 and modifies a relevant definition. "Alcohol and other drug counseling principles, methods, and procedures" is currently defined as an approach to chemical dependency counseling that emphasizes the chemical dependency counselor's role in systematically assisting clients through all of the following: (1) analyzing background and current

information, (2) exploring possible solutions, (3) developing and providing a treatment plan, and (4) for certain professionals, diagnosing chemical dependency conditions. These principles, methods, and procedures include counseling, assessing, consulting, and referral. The bill condenses this definition to say that "substance use disorder clinical counseling principles, methods, or procedures" are "counseling, assessing, treatment planning, crisis intervention, and referral as they relate to substance use disorder conditions."

Although the terminology used in referring to chemical dependency/substance use disorder is modified, the bill retains the name of all chemical dependency counselors and the Chemical Dependency Professionals (CDP) Board.

Peer supporters

(R.C. 4758.01, 4758.02, 4758.20, 4758.21, 4758.49, 4758.491, 4758.65, 4758.651, 4758.70, and 4758.80; Section 747.10; conforming changes in R.C. 4743.09, 4757.41, 4758.10, 4758.13, 4758.22, 4758.23, 4758.30, 4758.31, 4758.36, and 4758.99)

The bill requires the CDP Board to provide certification for peer recovery supporters, youth peer supporters, and family peer supporters. Peer recovery supporters work with individuals with a mental illness or substance use disorder, or both, who may also have a co-occurring developmental disability, as well as the individuals' caregivers or families. Youth peer supporters work with the same population, but primarily focus on individuals who are age 30 or younger. Family peer supporters exclusively work with the caregivers or families of individuals with a mental illness or substance use disorder.

All peer supporters work with their clients to promote resiliency and recovery, self-determination, advocacy, well-being, skill development, and any other competencies the CDP Board may adopt by rule. Peer supporters may not engage in the practice of substance use disorder counseling or prevention services.

Peer supporters are currently certified by the Department of Behavioral Health (DBH). Beginning one year after the bill's 90-day effective date, the bill requires anyone using a peer supporter title to be certified by the CDP Board. At the Board's discretion, a person certified by DBH may continue practicing as a peer supporter until one year after the effective date of the Board's initial rules regarding peer supporters.

Requirements for certification

All peer supporters must hold a high school diploma, the equivalent of a high school diploma, or a higher degree. The CDP Board is responsible for determining what high school diploma equivalents are acceptable. Peer supporters must also complete training, pass an examination, and agree to follow a code of ethics, all to be established by the Board.

Peer recovery supporters must be at least 18, have direct lived experience with mental illness or substance use disorder, and be in recovery.

Youth peer supporters must be at least 18, but not older than 30. They must have direct lived experience with the behavioral health system and other child or youth services systems.

Family peer supporters must be at least 21, have direct lived experience as the caregiver of a person with a mental illness or substance use disorder, and have successfully navigated service systems for at least one year on behalf of that person.

Supervision

Peer supporters must practice under supervision. Supervision may be provided by another certified peer supporter or a chemical dependency professional licensed by the CDP Board who holds a peer support supervisor endorsement. Psychologists, psychiatrists, social workers, independent social workers, professional counselors, professional clinical counselors, marriage and family therapists, or independent marriage and family therapists may also supervise peer supporters after completing a training established by the Board.

Peer support supervisor endorsement

To obtain a peer support supervisor endorsement, a peer supporter, independent chemical dependency counselor, chemical dependency counselor III, or chemical dependency counselor II must have provided service as a peer supporter or chemical dependency counselor for at least two years. For peer supporters, this may include time spent practicing while certified by DBH. The professional must also complete both online learning and a supervising peers training program in accordance with rules adopted by the CDP Board. If the online learning courses are provided by DBH, the Board may not charge a fee for approving the course.

Telehealth

The bill permits peer supporters to provide services through telehealth.

Prevention services

(R.C. 4758.01, 4758.44, and 4758.45; conforming changes in R.C. 4758.02, 4758.10, 4758.20, 4758.21, 4758.22, 4758.23, 4758.60, and 4758.61)

The bill modifies the definition of prevention services. Current law defines prevention services as "a comprehensive, multi-system set of individual and environmental approaches that maximizes physical health, promotes safety, and precludes the onset of behavioral health disorders." The new definition specifies that prevention services, "are a planned sequence of culturally relevant, evidence-based strategies designed to reduce the likelihood of, or delay the onset of, mental, emotional, and behavioral disorders."

The bill requires the CDP Board to set standards for the practice of prevention services, including by specifying that prevention services must be (1) intentionally designed to reduce risk or promote health before the onset of a disorder, (2) population-focused and targeted to specific levels of risk, and (3) reserved for interventions designed to reduce the occurrence of new cases of mental, emotional, and behavioral disorders. Prevention services must not be used for clinical assessment, treatment, relapse and recovery support services, or medications of any type.

Current law specifies that prevention consultants and prevention specialists, who both provide prevention services, must be certified by the Board. The bill changes these credentials to licenses.

Chemical dependency counselor assistants

(R.C. 4758.20, 4758.26, 4758.27, 4758.43, 4758.51, and 4758.52, repealed)

The bill changes the designation that applies to the first certification that is received to practice as a chemical dependency counselor assistant from "initial" to "preliminary." The chemical dependency counselor assistant preliminary certificate must be obtained before applying for certification as a chemical dependency counselor. The bill requires the CDP Board to establish requirements for obtaining a preliminary certificate. It eliminates requirements for training that must be completed during the first 12 months a preliminary certificate is in effect and prohibits the Board from renewing a preliminary certificate.

In addition to first obtaining a preliminary certificate, the Board requires applicants for certification as a chemical dependency counselor assistant to be at least 18 years old and hold a high school diploma, a certificate of high school equivalence, or a higher degree.

Approval of education programs

(R.C. 4758.20, 4758.21, and 4758.28)

The CDP Board is already required to approve continuing education programs for individuals licensed, certified, and endorsed by the Board, and to charge fees for the approval of these programs. The bill additionally requires the Board to approve education programs that can be completed for initial licensure, certification, and endorsement, including degree and certificate training programs offered by accredited educational institutions and other training programs selected by the Board. The Board is required to adopt rules establishing requirements for these education programs and setting fees for their approval.

Applications

(R.C. 4758.10, 4758.20, 4758.35, 4758.39, 4758.40, 4758.41, 4758.43, 4758.44, 4758.45, 4758.46, 4758.47, and 4758.49)

Applicants for licensure, certification, or endorsement by the CDP Board must currently submit a written application to the Board. The bill removes the requirement that the application be written, instead requiring it to be submitted in a manner the Board prescribes.

The bill specifies that applicants for licensure, certification, or endorsement from the Board must hold a required degree "or higher," as opposed to holding "at least" that degree as in current law.

Discipline

(R.C. 4758.20 and 4758.30)

The bill permits the CDP Board to impose fines against professionals it credentials as a form of professional discipline. The Board is required to establish a graduated system of fines where a fine is determined based on the scope and severity of a violation and the professional's history of compliance. The maximum fine that can be imposed is $5,000 per incident.

Current law permits the Board to discipline an individual credentialed by the Board if that individual is unable to practice due to a physical or mental condition. The bill instead specifies

that the Board may impose discipline if an individual is unable to practice by reason of mental illness or physical illness, including physical deterioration that adversely affects cognitive, motor, or perceptive skills.

The Board may currently discipline a professional for conviction in Ohio or any other state of a crime that is either a felony in Ohio or a misdemeanor that is committed in the course of practice. The bill extends this to include conviction in any other jurisdiction.

Internships, practicums, and work experience

(R.C. 4758.20, 4758.39, 4758.40, 4758.41, and 4758.42)

Current law permits the CDP Board to require preceptorships as a condition of licensure, certification, or endorsement. The bill instead permits the Board to require internships and practicums.

Individuals seeking an independent chemical dependency counselor-clinical supervisor, independent chemical dependency counselor, chemical dependency counselor III, or chemical dependency counselor II license are currently required to have compensated work or internship experience in chemical dependency services, substance abuse services, or both types of services. The bill modifies this requirement so that internship or work experience must instead include the provision of services in substance use disorder treatment within a scope of practice that the Board considers appropriate for the license being sought.

Criminal records checks

(R.C. 4758.20, 4758.24, 4776.01, and 4776.20)

The bill requires anyone applying for licensure, certification, or endorsement through the CDP Board to undergo a criminal records check. The Board must adopt rules regarding this process.

Alternative pathways to licensure

(R.C. 4758.241, repealed, 4758.40, 4758.41, 4758.42, 4758.43, 4758.44, and 4758.45)

Current law permits licensure as an independent chemical dependency counselor, chemical dependency counselor III, chemical dependency counselor II, prevention consultant, or prevention specialist, or certification as a chemical dependency counselor assistant, if the professional held a license or certification on December 23, 2002. To qualify for licensure through this pathway, independent chemical dependency counselors and chemical dependency counselors III must also hold a Board-approved degree and complete at least 40 hours of training on the current Diagnostic and Statistical Manual of Mental Disorders. The bill removes this pathway to licensure for all of the aforementioned professionals credentialed by the CDP Board.

The bill also removes a pathway to licensure as a chemical dependency counselor II for professionals who have continuously held a chemical dependency counselor assistant certificate and practiced under supervision since December 31, 2008, provided a written recommendation from a supervisor, received Board-approved training, and passed a chemical dependency counselor II license exam.

Finally, the bill removes an alternative pathway for licensure as an independent chemical dependency counselor-clinical supervisor. Currently, an applicant who held an independent chemical dependency counselor license on March 22, 2013, may receive an independent chemical dependency counselor-clinical supervisor license without paying a license fee or meeting additional requirements for that license.

Codes of ethics

(R.C. 4758.23)

The CDP Board is currently required to establish codes of ethical practice and professional conduct for the professionals it licenses, certifies, and endorses. Current law requires the codes for chemical dependency counselors to define unprofessional conduct, including engaging in a dual relationship with a client, former client, consumer, or former consumer. The bill expands the requirements regarding unprofessional conduct to all professionals credentialed by the Board, and instead of prohibiting engaging in a dual relationship, the codes must prohibit engaging in multiple relationships with a person being served.

Referrals

(R.C. 4758.54, 4758.55, 4758.56, 4758.57, 4758.59, 4758.62, 4758.63, and 4758.64)

The bill removes the statutory authority of an independent chemical dependency counselor-clinical supervisor, independent chemical dependency counselor, chemical dependency counselor III, or chemical dependency counselor II to refer individuals with nonchemical dependency conditions to appropriate sources of help. It also eliminates the statutory authority of a gambling disorder endorsement holder to refer individuals with other gambling conditions to appropriate sources of help. However, the CDP Board has indicated that the codes of ethics for the professionals it regulates require referral when a client needs services beyond the professional's scope of practice.

Board membership

(R.C. 4758.10, 4758.11, and 4758.13; Section 747.10)

The bill increases the membership of the CDP Board by requiring the Governor to appoint to the Board an individual holding a valid chemical dependency counselor assistant certificate and an individual who is a certified peer recovery supporter, youth peer supporter, or family peer supporter. In accordance with adding new members to the Board, the bill increases the number of members who must be present to constitute a quorum from seven to nine.

For the peer supporter appointee, the Governor may either postpone making an appointment until these professionals are certified by the Board or appoint an individual who otherwise meets the qualifications of a peer supporter. If the Governor delays making an appointment, the Board may modify the number of present members necessary for a quorum.

The bill also modifies the Board's membership by replacing the Board member who is a physician with experience practicing in a field related to chemical dependency counseling. Instead, the bill permits the position to be filled with a health care worker or counselor who is employed or contracted by a community addiction services provider or community mental health

services provider. The health care worker may be a psychiatrist, psychologist, psychiatric-mental health clinical nurse specialist, psychiatric-mental health nurse practitioner, professional clinical counselor, professional counselor, independent social worker, social worker, independent marriage and family therapist, or marriage and family therapist.

Chemical dependency counselor I license

(R.C. 4758.02, 4758.24, and 4758.27)

The chemical dependency counselor I license was eliminated in 2002. People who were licensed as a chemical dependency counselor I in 2002 were permitted to keep practicing under that license for a limited time, but renewals ceased in 2008. The bill eliminates remaining references to theses licenses from statute.

Eliminated requirements

(R.C. 4758.18, repealed and 4758.50, repealed)

The bill eliminates a requirement that the CDP Board include the Board's address and telephone number on each license or certificate it issues. It also eliminates a requirement that a holder of a license, certificate, or endorsement issued by the Board prominently post that license, certificate, or endorsement at the holder's place of employment.

DEPARTMENT OF CHILDREN AND YOUTH

I. Child Care

Publicly funded child care (PFCC)

Eligibility

- Raises the maximum amount of family income for initial PFCC eligibility from 145% to 160% of the federal poverty line, and from 150% to 160% for special needs child care, until June 30, 2027.
- Repeals provisions that allow an applicant to receive PFCC while a county department of job and family services (CDJFS) determines the applicant's eligibility.

Eligibility period for homeless child care

- Expands to 12 months (from a maximum of 90 days) the period for which a family is eligible for homeless child care.

Provider payment

Prospective payment

- Requires payment to PFCC providers to be made prospectively, by changing references from "reimbursement" to "payment" in the PFCC laws.

Payment rates

- Increases PFCC provider payments from the rate the provider customarily charges for providing child care to the payment rate established by the Department of Children and Youth (DCY) in rules for PFCC providers that customarily charge below the payment rate.

Adjustments to payment rates

- Requires DCY to contract with a third-party entity to analyze child care prices for purposes of adjusting payment rates for PFCC providers in even-numbered years.

Eligibility period for homeless child care

- Expands to 12 months (from a maximum of 90 days) the period for which a family is eligible for homeless child care.

In-home aide continuous certification

- Removes the requirement that an in-home aide be recertified every two years.

Child Care Choice Voucher Program

- Requires DCY to establish the Child Care Choice Voucher Program to provide vouchers to eligible families to assist them with child care costs.

Early Childhood Education Grant Program

- Codifies the Early Childhood Education Grant Program and establishes it in the DCY, with the aim of supporting and investing in Ohio's early learning and development programs.
- Establishes eligibility conditions for participation, including that an early learning and development program (1) satisfy quality standards specified by the DCY Director, and (2) provide early learning and development services to one or more preschool-aged children with family incomes not exceeding 200% of the federal poverty line.
- Generally requires funds appropriated to the program to be distributed to grant recipients, and prohibits more than 2% to be used for program support and technical assistance.
- Requires the DCY Director to adopt rules to administer the program, including rules addressing (1) eligibility conditions and other requirements, (2) standards, procedures, and requirements for applying for and distributing funds to grant recipients, and (3) methods by which DCY may recover any erroneous payments.

Transfer preschool reporting to DCY

- Requires DCY alone, instead of with the Department of Education and Workforce, to provide consultation and technical assistance and in-service training to, and annually inspect and report on, each preschool and school child program operated by specified entities.

Ohio professional registry

- Requires the DCY Director to contract with a third party to develop a registry information system to provide training and professional development opportunities to early learning and development program employees.

II. Child Welfare

Summary suspension of the certificate of an institution or association

- Allows DCY to suspend the certificate of an institution or association (defined generally under existing law as an entity or individual, such as a foster caregiver, receiving or caring for children for two or more consecutive weeks) without a prior hearing for specified reasons primarily related to the actual or risk of harm to a child under the care and supervision of the institution or association.

Regional wellness campuses

- Requires DCY to assist with the establishment of regional child wellness campuses, entities serving children and youth who are in the custody of a public children services agency but not yet placed in a licensed residential setting.

Prevention services

- Changes the beneficiary of prevention services from the child to the family in existing law provisions regarding referrals by a PCSA and the disclosure to a prevention services provider of confidential information discovered during an investigation.
- Specifies that if a family is determined to benefit from prevention services, the PCSA *ma*y make a referral to a provider, *if available* (instead of requiring referral).

Mandatory reporter of child abuse and neglect

- Adds an employee of an entity providing home visiting services under the Help Me Grow program as a mandated reporter of child abuse and neglect.

Request for proposals to establish rate cards

- Allows DCY to issue a request for proposals to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments.
- Requires, if a request for proposals is issued, DCY to review and accept the reasonable costs to cover specified requirements for each child eligible for foster care maintenance payments.
- Allows, instead of requires as in current law, DCY to establish (1) a form for agencies or entities that provide placement services to children to report costs reimbursable under Title IV-E and Medicaid and (2) procedures to monitor the cost reports.

Benefits to children under the custody of a Title IV-E agency

- Requires a Title IV-E agency that receives care and placement of a child to determine if the child is eligible for or receives certain benefits, including payments from the Social Security Administration and survivor benefits from the U.S. Department of Veterans Affairs and the state retirement systems.
- Prohibits a Title IV-E agency from using those benefits to pay for or reimburse the agency, county, or state for any cost of the child's care.

Foster care adoption waiting period removal

- Removes the six-month waiting period from the current law requirement that a foster child reside in a foster caregiver's home for *at least six months* before a foster caregiver (1) may submit an application to adopt the child and (2) is exempt from adoption home study requirements.

Ohio Adoption Grant Program changes

- Requires that grants be made to eligible applicants only to the extent state funds are available for this purpose.
- Requires the adoptive parent to be an Ohio resident at the time the adoption was finalized to be eligible for a grant.

- Specifies that a person who produces or submits false or misleading documentation or information to DCY for the purpose of receiving a grant is guilty of the crime of falsification, a first degree misdemeanor.
- Maintains confidentiality of records that are confidential under continuing federal or state law when they are provided to DCY as part of a grant application.

Removal of Kinship Support Program from state hearing rights

- Removes the Kinship Support Program from a list of assistance programs for which a determination of denial or termination by DCY is subject to a state hearing.

Ohio Children's Trust Fund

Child abuse and child neglect regional prevention councils

- Eliminates existing law dividing the state into eight child abuse and child neglect prevention regions and listing the counties encompassing each region and instead requires the Ohio Children's Trust Fund (OCTF) Board, in consultation with DCY, to determine the number of regions and the counties within each region.
- Reduces the term of each member of a child abuse and child neglect regional prevention council appointed by the OCTF Board from three years to two years.
- Allows a council member selected as chairperson of a council to be reappointed to a second term by the original appointing authority.
- Clarifies that the reappointment of a chairperson by a board of county commissioners is not considered to be an appointment under an existing law provision that allows a board of county commissioners to appoint up to two members to a council.
- Permits (instead of requires) the OCTF Board to select a regional prevention coordinator to oversee each child abuse and child neglect regional prevention council.
- Requires OCTF staff to serve as regional prevention coordinator for any region without a coordinator that has been selected by the Board.

Start-up costs for children's advocacy centers

- Allows an entity seeking to establish a children's advocacy center to request a one-time payment of up to $5,000 from the OCTF Board to be used towards start-up costs.

III. Councils

County family and children first councils.

- Removes the prohibition that an individual whose family receives or has received services from an agency represented on a county family and children first council cannot serve on the county council if the individual is employed by an agency represented on the council, but requires such an individual to complete a conflict of interest disclosure form and abstain from votes that involve the individual's employer.

- Permits (rather than requires) the number of county council members representing families to equal 20% of a council's membership.
- Authorizes district level administrative designees to serve on a council instead of the superintendent of the school district with the largest number of pupils in the county and another superintendent representing other districts.
- Permits (rather than requires) the administrative agent of a county council to send notice to specified persons when a member has been absent from a specified number of meetings.

Advisory councils consolidation

- Requires the Governor to create and appoint members to the Children and Youth Advisory Council, replacing the Early Childhood Advisory Council, the Ohio Home Visiting Consortium, the Early Intervention Services Advisory Council, and the Child Care Advisory Council.
- States that the purpose of the Council is to advise the Governor regarding prenatal and child-serving systems and to serve as the state advisory council on early childhood education and care and the state interagency coordinating council required by federal law.
- Requires the Council to create topic-specific advisory groups addressing at least the following: early childhood education and care, children services, maternal and infant vitality, early childhood mental health services and supports, and early intervention services.

IV. DCY duties

Autism services contracts

- Requires DCY – when applicable – to contract with an entity to administer programs and coordinate services for infants, preschool and school-age children, and adults with autism and low incidence disabilities.
- Requires the DCY Director to give primary consideration to the Ohio Center for Autism and Low Incidence as the contracting entity.

Biennial summit on home visiting

- Repeals law requiring DCY to facilitate, and allocate funds for, a biennial summit on home visiting.

DCY transfers, recodification, and conforming changes

- Makes conforming changes and technical corrections to reflect the transfer of various duties and responsibilities to DCY in H.B. 133 of the 135th General Assembly.
- Removes obsolete language.

- Relocates and recodifies numerous Revised Code sections that relate to the duties and responsibilities of DCY to the DCY chapter of the Revised Code (Chapter 5180) and makes conforming changes as a result.
- Transfers or adds responsibility regarding certain programs to DCY.

I. Child Care

Publicly funded child care (PFCC)

Eligibility

(R.C. 5104.32, 5104.34, and 5104.38; Section 423.230)

First, the bill revises the law governing income eligibility for PFCC through June 30, 2027. Until then, the maximum amount of income that a family may have for initial eligibility must not exceed 160% of the federal poverty line. H.B. 33, the main operating budget for the FY 2024-FY 2025 biennium, set the maximum amount for initial eligibility at 145% until June 30, 2025.

For special needs child care, the bill specifies that the maximum amount of family income for initial eligibility must not exceed 160% of the federal poverty line. The limit set by H.B. 33 was 150%.

The bill further specifies that the maximum amount of income for continued eligibility must not exceed 300% of the federal poverty line. Under continuing law unchanged by the bill, JFS must adopt rules specifying the maximum amount of income a family may have for initial and continued eligibility, with the maximum amount not to exceed 300% of the federal poverty line.

Second, the bill repeals law that allows an applicant to receive PFCC while a county department of job and family services (CDJFS) determines the applicant's eligibility. Existing law allows an applicant to do this once in a 12-month period. Included in this repeal are the following provisions:

- A requirement for a PFCC contract to specify that if the county department determines that an applicant is eligible for PFCC, a child care provider must be paid for all child care provided between the date the CDJFS receives the individual's completed application and the date the individual's eligibility is determined;
- If the county department determines that an applicant is not eligible for PFCC, a requirement for a provider to be paid for providing PFCC for up to five days after the determination, if the CDJFS received a completed application with all required documentation;
- The ability for a program to appeal a denial of payment from a CDJFS;
- A requirement for DCY to adopt rules to establish procedures for an applicant to receive PFCC while the county department determines eligibility and for a provider to appeal a denial of payment.

Eligibility period for homeless child care

(R.C. 5104.41)

The bill expands the period for which a family is eligible for homeless child care to 12 months. Under current law a family otherwise ineligible for publicly funded child care is eligible for homeless child care for the lesser of the following: not more than ninety (90) days or the period of time they reside in an emergency shelter for homeless families or in which the county department determines they are homeless. This extension aligns Ohio law with the federal Child Care and Development Block Grant Act requirements that eligible families receive 12 months of child care assistance before eligibility is redetermined.[16]

Provider payments

Prospective payment

(R.C. 5104.30, 5104.32, 5104.34, and 5104.38)

The bill makes changes regarding PFCC payment. First, the bill requires payments to PFCC providers to be made prospectively by changing references from "reimbursement" to "payment" in the PFCC laws.

Payment rates

(R.C. 5104.32 and 5104.38)

Additionally, the bill repeals law requiring a contract for PFCC to specify that the provider agrees to be paid for rendering services at the lower of: (1) the rate that the provider customarily charges for child care or (2) the reimbursement rate of payment established by DCY rules. The bill requires the contract to specify that the provider agrees to be paid for rendering services at the rate established by DCY rules. The result of this change is that a provider that customarily charges less than the payment rate established by DCY rules will receive the DCY rate for providing PFCC rather than the lower rate the provider customarily charges.

Adjustments to payment rates

(R.C. 5104.30 and 5104.302 (primary))

While maintaining the current law requirement that the DCY Director establish by rule in each odd-numbered year payment rates for PFCC providers, the bill requires the Director to contract with a third-party entity to analyze child care price information for the subsequent even-numbered year. When analyzing the information, the third-party entity may consider DCY's most recent market rate survey or alternative methodology developed and conducted in accordance with federal rules. Based on the information analyzed, the Director may then adjust the provider payment rates for the even-numbered year, with adjustments to be made in rule.

[16] 42 United States Code (U.S.C.) 9858c(c)(2)(N)(i)(I) and 45 C.F.R. §98.21(a).

In-home aide continuous certification

(R.C. 5104.12)

The bill removes the requirement for in-home aides to renew certification every two years. Continuous licensure is already available to other child care provider types. An in-home aide is a person who (1) is certified by a county director of job and family services to provide publicly funded child care in a child's own home and (2) does not reside with the child.

Child Care Choice Voucher Program

(Section 423.190)

The bill requires DCY to establish and administer the Child Care Choice Voucher Program. Subject to available funds, the program is to provide support, in the form of vouchers, to eligible families to assist them with child care costs.

To be eligible to participate in the program, a family must meet all of the following conditions:

1. The caretaker parent is employed or participating in a program of education or training for an amount of time reasonably related to the time that the parent's children are receiving child care;

2. The family does not meet the income conditions for initial eligibility under the publicly funded child care program administered by the Department, but the maximum amount of the family's income does not exceed 200% of the federal poverty line;

3. The family meets any other condition established by the Department.

In providing vouchers under this section, the program must utilize, not later than November 1, 2026, the payment rates established for the DCY's publicly funded child care program. DCY launched the Child Care Choice Voucher Program administratively in April 2024.

Early Childhood Education Grant Program

(R.C. 5104.01, 5104.29, 5104.38, and 5104.60 (primary))

The bill codifies the Early Childhood Education Grant Program and establishes it in DCY, with the aim of supporting and investing in Ohio's early learning and development programs. For purposes of the bill, an early learning and development program includes a licensed child care center, licensed family child care home, and licensed preschool. Subject to available funds, grants are to be awarded to programs meeting the bill's eligibility conditions and in amounts that correspond to the number of eligible children served by the programs.

Eligibility

To be eligible for a grant, an early learning and development program must demonstrate all of the following:

- That the program is rated through the Step Up to Quality Program at the ratings tier specified by the DCY Director in rules;

- That the program provides early learning and development services to one or more preschool-aged children, defined to mean children aged three or older but not yet enrolled, or eligible to enroll, in kindergarten;
- That the program meets any other eligibility condition specified by the Director in rules.

In addition to establishing eligibility conditions for early learning and development program eligibility, the bill also sets them for the preschool children receiving services from those programs. If a slot is available, a preschool child is eligible to participate in the grant program if the child's family income does not exceed 200% of the federal poverty line. Alternatively, a child is eligible – regardless of family income – if an individualized education program (IEP) has been developed for the child, the child is placed in foster or kinship care, or the child is homeless.

A preschool child also must be a U.S. citizen or qualified alien and meet any other eligibility condition set by the Director in rules.

Distribution of funds

The bill generally requires funds appropriated to the program to be distributed to grant recipients, and prohibits more than 2% to be used for program support and technical assistance.

Rulemaking

The Director is required to adopt rules to administer the program, including rules addressing:

- Eligibility conditions and other requirements for early learning and development programs, including the Step Up to Quality ratings tier, and for preschool children;
- Standards, procedures, and requirements for applying for and distributing funds to grant recipients;
- Methods by which DCY may recover any erroneous payments.

Transfer preschool reporting to DCY

(R.C. 3301.57)

The bill transfers existing oversight obligations for preschool and school child programs from the joint responsibility of DCY and the Department of Education and Workforce to DCY alone. Transferred oversight obligations include:

1. Providing consultation and technical assistance to school districts, county boards of developmental disabilities, community schools, authorized private before and after school care programs, and eligible nonpublic schools operating preschool programs or school child programs;

2. Providing in-service training to staff members and nonteaching employees of those entities;

3. Inspecting each preschool program or licensed school child program at least once per year; and

4. Preparing an annual report on inspections and filing the report with the Governor, Senate President and Minority Leader, and Speaker and Minority Leader of the House of Representatives by January 1 of each year.

Ohio professional registry

(R.C. 5104.60)

The bill requires the DCY Director to contract with a third-party entity to develop a registry information system to provide – on an ongoing basis – training and professional development opportunities to employees of early learning and development programs that are funded under the federal Child Care and Development Block Grant. The bill names the registry information system the Ohio Professional Registry.

The registry information system must comply with requirements set forth in the federal Child Care and Development Block Grant Act[17] and regulations adopted under it. The Director, when contracting with a third-party entity, must give primary consideration to the Ohio Child Care Resource and Referral Association (OCCRRA).

If selected as the third-party entity, OCCRRA may utilize the registry information system that it had established prior to the bill's effective date, but on the condition that the Director determines that that system's principal goals and mission are consistent with the federal Child Care and Development Block Grant Act and its regulations.

II. Child Welfare

Summary suspension of the certificate of an institution or association

(R.C. 5103.039)

The bill allows DCY to suspend the certificate of an institution or association, including a foster caregiver, without a prior hearing under certain circumstances. Existing law generally defines an institution or association as a public or private entity or a nonrelative individual (including the operator of a foster home) receiving or caring for children for two or more consecutive weeks.[18]

The bill specifies the following as circumstances for suspension:

- A child dies or suffers a serious injury while placed or residing with the institution or association, including a foster home.
- A public children services agency (PCSA) receives a report of abuse or neglect, and the person alleged to have inflicted the abuse or neglect and is the subject of the report is any of the following:

[17] 42 U.S.C. 9857 to 9858r.

[18] R.C. 5103.02(A)(1).

- A principal of the institution or association;
- An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment;
- For a foster home, any person who resides in the home.

- One of the following individuals is charged by an indictment, information, or complaint with an offense relating to the death, injury, abuse, or neglect of a child:
  - A principal of the institution or association;
  - An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment.
- DCY, the recommending agency, a PCSA, or a CDJFS determines that a principal, employee, or volunteer of the institution or association, including a foster caregiver, or a resident of the foster home, created a serious risk to the health or safety of a child placed therein that resulted in or could have resulted in a child's death or injury.
- DCY determines that the owner of the institution or association or foster caregiver does not meet: (a) the criminal records check requirements for a person employed or appointed to be responsible for a child's care in out-of-home care, (b) the background check requirements for subcontractors, interns, or volunteers at an institution or association, or (c) the criminal records check requirements for a person to be appointed or employed in a residential facility.

The bill defines a principal as any of the following:

- The institution or association's administrator or director;
- The institution or association's owners or partners;
- Members of the institution's or association's governing body;
- A foster caregiver.

If DCY suspends a license without a prior hearing, the Department must comply with existing law notice requirements and a principal of an institution or association, including a foster caregiver, may request an adjudicatory hearing. Notice and hearing must be conducted pursuant to the Administrative Procedure Act. If a hearing is requested and DCY does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day, unless the hearing is continued on agreement by the parties or for good cause.

A summary suspension remains in effect until any of the following occurs:

- The PCSA completes its investigation of the report of abuse and neglect and determines that all of the allegations are unsubstantiated.
- All criminal charges are disposed of through dismissal or a finding of not guilty.
- DCY issues a final order terminating the suspension in accordance with the Administrative Procedure Act.

The bill prohibits an institution or association from accepting the placement of children while a summary suspension remains in effect. Upon issuing the order of suspension, DCY must place a hold on the certificate or indicate that the certificate is suspended in the Statewide Automated Child Welfare Information System.

The bill allows the DCY Director to adopt rules in accordance with the Administrative Procedure Act to establish standards and procedures for the summary suspension of certificates. The bill also specifies that these provisions do not limit DCY's authority to revoke a certificate under existing law adjudication procedures.

Regional wellness campuses

(Section 423.120)

The bill requires DCY to assist with the establishment of regional child wellness campuses. DCY must provide one-time funding to establish such campuses across the state to serve children and youth who are (1) in the custody of a public children services agency, (2) not yet placed in a licensed residential setting, and (3) spending one or more nights in an unlicensed setting.

For children in crisis, regional child wellness campuses must support them in or near the communities in which the children reside and must create additional capacity for short-term treatment.

DCY is to select entities to serve as regional wellness campuses after a competitive application. To be eligible, an entity must provide proof of local funding commitments that fulfill all necessary start-up costs as well as ongoing community commitments to ensure timely and appropriate delivery of services to meet the needs of the child, their family, and the community.

Prevention services

(R.C. 2151.421, 2151.423, and 5153.16)

The bill changes the intended beneficiary of prevention services and allows, instead of requires, a PCSA to make a prevention services referral. Under existing law, when a PCSA makes a report and determines after an investigation that a child is a candidate for prevention services, the PCSA must refer the report for assessment and services to an agency providing prevention services. This act fulfills a PCSA responsibility to make efforts to prevent neglect or abuse, enhance a child's welfare, and preserve the family unit intact. Existing law also allows a PCSA to disclose confidential information discovered during an investigation to any federal, state, or local government entity that needs the information to carry out its responsibilities to protect children from abuse or neglect. These governmental entities include any appropriate military authority or an agency providing prevention services to a child.

First, the bill specifies that prevention services are provided to the *family*, instead of just the child. The bill changes this specification in the law regarding referrals and the disclosure of confidential information to a prevention services provider.

Second, the bill allows, but no longer requires, PCSAs to make referrals for prevention services if a family is determined to benefit from those services. The bill also adds as a qualifier that a PCSA may make referrals if appropriate prevention services are available from a local

provider or other reasonable source. Because of this change, the bill also clarifies that an existing PCSA duty to enter into a contract with an agency providing prevention services applies only when referring a family for prevention services.

Mandatory reporter of child abuse and neglect

(R.C. 2151.421)

The bill adds an employee of an entity providing home visiting services under the Help Me Grow program as a mandated reporter of child abuse and neglect. The Help Me Grow program is the state's evidence-based parent support program that encourages early prenatal and well-baby care and provides parenting education to promote the comprehensive health and development of children. The program provides home visiting services to families with a pregnant woman or child under five years of age that meet certain eligibility requirements.[19]

Request for proposals to establish rate cards

(R.C. 5101.141 (5180.42) and 5101.145 (5180.422))

The bill allows DCY to issue a request for proposals to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments. If a request for proposals is issued, DCY must review and accept the reasonable cost of covering the following under continuing law: (1) a child's food, clothing, shelter, daily supervision, school supplies, personal incidentals, and reasonable travel to a child's home for visitation, (2) liability insurance with respect to the child and services provided under any federal Title IV-E demonstration project, and (3) with respect to a child in a child-care institution, such as a group home, administration and operating costs.

Additionally, the bill allows (rather than requires as in current law) DCY to establish (1) a single form for the agencies or entities that provide placement services to children to report costs reimbursable under Title IV-E and Medicaid, and (2) procedures to monitor the cost reports submitted by the agencies or entities.

Benefits to children under the custody of a Title IV-E agency

(R.C. 5103.09)

The bill requires a Title IV-E agency that receives care and placement of a child to determine if the child is eligible for or receives payments or survivor benefits administered by any of the following:

- The U.S. Social Security Administration;
- The U.S. Department of Veterans Affairs;
- The Ohio Public Employee Retirement System;
- The Ohio Police and Fire Pension Fund;

[19] R.C. 5180.21.

- The State Teachers Retirement System of Ohio;
- The School Employees Retirement System of Ohio;
- The Ohio Highway Patrol Retirement System.

If the child is eligible for or receiving those benefits, the agency is prohibited from using the child's benefits to pay for or reimburse the agency, county, or state for any cost of the child's care. The bill allows DCY to adopt rules in accordance with R.C. 111.15 rulemaking provisions to implement these requirements, including the establishment of any new procedures that are necessary to assist a Title IV-E agency with compliance.

The bill adopts the existing law definition of a "Title IV-E agency," which is a public children services agency or a public entity with which JFS or DCY have a Title IV-E subgrant agreement in effect.[20]

Foster care adoption waiting period removal

(R.C. 3107.012 and 3107.031)

The bill removes the six-month waiting period from the current law requirement that a foster child must reside in a foster caregiver's home for at least six months before the foster caregiver (1) may submit an adoption application for the foster child, and (2) is exempt from home study requirements for the purpose of ascertaining whether a person seeking to adopt a minor is suitable to adopt.

Ohio Adoption Grant Program changes

(R.C. 2921.13, 5101.191 (5180.451), 5101.192 (5180.452), 5101.193 (5180.453), and 5101.194 (5180.454))

Continuing law requires that the DCY Director must provide *one, but not both* (changed to *either* by the bill), of the following one-time payments for an adopted child to the child's adoptive parent if specified requirements are satisfied regarding the child:

1. $10,000;

2. $15,000, if the parent was a foster caregiver for the child prior to adoption.

The bill specifies that the grant must be provided to all eligible applicants to the extent state funds are available for this purpose.

The bill adds the requirement that, to receive a grant, the adoptive parent must have been an Ohio resident at the time the adoption was finalized. Under continuing law, to be eligible to receive a grant, all of the following must be satisfied:

1. The adoptive parent cannot have previously received a grant from the program for the same child;

[20] R.C. 5101.132, renumbered to 5180.402 in the bill.

2. The adoptive parent cannot claim a formerly available adoption tax credit for the adopted child;

3. The adoptive parent must apply for the grant within one year after the adoption is finalized;

4. The adoption cannot be a stepparent adoption; and

5. The adoption must have been finalized on or after January 1, 2023.

The bill prohibits any person from knowingly producing or submitting any false or misleading documentation or information to DCY in an effort to qualify for or obtain a grant. Whoever violates the prohibition is guilty of falsification, a first degree misdemeanor.

Continuing law allows the DCY Director to require one or both of the following, as necessary to administer the Grant Program: (1) the submission of court or other documents necessary to prove the adoption, (2) any department, agency, or division of the state to provide any document related to the adoption. The bill makes the following changes to those requirements:

1. Clarifies that any court or legal documents necessary to prove an adoption must be *certified copies*.

2. Adds that any court, in addition to any department, agency, or state division may be required to provide any document related to the adoption.

Additionally, the bill states that any document provided to DCY as part of a grant application remains confidential if it was confidential under any state or federal law before being provided.

Removal of Kinship Support Program from state hearing rights

(R.C. 5101.1411 (5180.428))

The bill removes the option for a state hearing when DCY denies or terminates payments under the Kinship Support Program. Existing law, unchanged by the bill, generally requires that an individual who appeals a decision or order of an agency administering a family services program under federal or state law be granted a state hearing at the individual's request.[21] The bill, therefore, removes an individual's ability to appeal a determination regarding the Kinship Support Program. Other programs under this section that are still subject to a state hearing are foster care assistance, kinship guardianship assistance, and adoption assistance payments.

[21] R.C. 5101.35.

Ohio Children's Trust Fund

(R.C. 3109.171, 3109.172, 3109.173, and 3109.178; Section 731.10)

Child abuse and child neglect regional prevention councils

The bill makes changes regarding child abuse and child neglect regional prevention councils, including the elimination of existing child abuse and child neglect prevention regions, changes to council member terms and appointments, and changes to the selection of a regional coordinator to a council. Under existing law, one of the duties of the Ohio Children's Trust Fund (OCTF) Board is to establish a strategic plan for child abuse and child neglect prevention. In developing and carrying out the plan, the Board must implement child abuse and neglect prevention programs.[22] The law establishes child abuse and child neglect prevention regions to administer this programming.[23] Each region must have a child abuse and child neglect regional prevention council. The OCTF Board and boards of county commissioners must appoint county prevention specialists as members to each council. These specialists include professionals who work in child welfare, health care, and other relevant areas that provide services to children.[24]

The bill eliminates existing law establishing eight child abuse and child neglect prevention regions and the counties encompassing each region. It instead requires the OCTF Board, in consultation with DCY, to determine the number of regions and the counties within each region. Each county in the state must be included in a region.

The bill reduces the term of a member of a child abuse and child neglect regional prevention council appointed by the OCTF Board from three years to two years. Under existing law, each board of county commissioners within a region may appoint up to two county prevention specialists representing the county, and the OCTF Board may appoint additional members at the Board's discretion. The bill maintains the two-year terms for council members appointed by a board of county commissioners. The bill also clarifies that, notwithstanding this reduction in term for OCTF Board-appointed members, a member serving on the council on the effective date of the bill may complete the member's term of office.

The bill clarifies that a council member selected as chairperson of a council is eligible to be reappointed by the original appointing authority, and that the reappointment of a chairperson by a board of county commissioners is not considered to be one of the two appointments that a board of commissioners is allotted. Under existing law, a chairperson must be selected by the council's regional prevention coordinator from among the county prevention specialists serving on the council.

Finally, the bill allows, rather than requires, the OCTF Board to select a regional prevention coordinator for a child abuse and child neglect regional prevention council through a competitive selection process. Under existing law, each regional prevention council must be

[22] R.C. 3109.17, not in the bill.

[23] R.C. 3109.171.

[24] R.C. 3109.172.

under the direction of a regional prevention coordinator. The bill requires OCTF staff to serve as coordinator for any region for which the Board has not selected a regional coordinator through a competitive selection process.

Start-up costs for children's advocacy centers

The bill allows an entity to request a one-time payment of up to $5,000 from the OCTF Board for start-up costs to establish and operate a children's advocacy center that will serve at least one county. Existing law allows a child abuse and child neglect regional prevention council to request this money for each county within the council's region. In authorizing the entity seeking to establish the center to request the money instead of a regional prevention council, the bill also eliminates a requirement that a children's advocacy center must serve each county in the council's region or two or more contiguous counties within the region.

III. Councils

County family and children first councils

(R.C. 121.37)

The bill makes several changes to the membership requirements for county family and children first councils, the purpose of which is to streamline and coordinate existing government services for families seeking assistance for their children. It removes the prohibition that an individual whose family receives or has received services from an agency represented on a county council cannot serve on the council if the individual is employed by an agency represented on the council. However, the bill requires that if such an individual is employed by an agency represented on the council, the individual must complete a conflict of interest disclosure form and abstain from any vote that involves the individual's employer. County councils are allowed, rather than being required as in current law, to have 20% of its membership be members representing families, where possible. Finally, district-level administrative designees with decision making authority can be included as county council members. The designees are alternatives to the continuing law requirement that membership include (1) the superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the Department of Education and Workforce, and (2) a school superintendent representing all other school districts with territory in the county, as designated by the superintendents of those districts.

The bill also allows, rather than requires as in current law, a county council's administrative agent to send notice of a member's absence to the board of county commissioners and other persons or entities specified in continuing law if the member has been absent from either three consecutive meetings of the county council or a subcommittee or from 1/4 of such meetings in a calendar year, whichever is less.

Advisory council consolidation

(R.C. 5104.39, 5104.50(5180.04), 5180.21, and R.C. 5180.22; repealed R.C. 5104.08, 5180.23, and 5180.34)

The bill requires the Governor to create the Children and Youth Advisory Council. The Council is responsible for advising the Governor on the availability, accessibility, affordability, and quality of services provided through the prenatal and child-serving systems. This includes fostering a continuum of care that promotes family-centered programs and services that acknowledge and support the social, emotional, cognitive, intellectual, and physical development of children and the vital role of families in ensuring the well-being and success of children.

The Council also fulfills two federal obligations. It serves as the state advisory council on early childhood education and care required for participation in Head Start, which promotes school readiness for young children from income-eligible families.[25] It also serves as the state interagency coordinating council for early intervention services, which provide services to infants and toddlers with disabilities or developmental delays.[26]

The Governor is responsible for appointing up to 25 members to the Council, including representatives from DCY, the Department of Medicaid, the Department of Job and Family Services (JFS), the Department of Behavioral Health, the Department of Education and Workforce (DEW), the Department of Health (ODH), the Department of Developmental Disabilities, and the Department of Youth Services (DYS). Membership of the Council must reasonably represent the population of the state. The Governor must appoint a chairperson, and the DCY Director will serve as co-chair.

The Council must create topic-specific advisory groups addressing a continuum of services, including (1) early childhood education and care, (2) children services, (3) maternal and infant vitality, (4) early childhood mental health services and supports, and (5) early intervention services. A representative of DCY may not serve as the chairperson for any topic-specific advisory group. The Governor may appoint additional members as necessary to the early childhood education and care advisory group and the early intervention services advisory group to satisfy federal requirements.

The Council is not subject to sunset review.

The bill eliminates four existing councils whose functions are largely absorbed by the Children and Youth Advisory Council. The four eliminated councils are (1) the Child Care Advisory Council, which provides advice and assistance regarding the administration and development of child care, (2) the Ohio Home Visiting Consortium, which ensures that home visiting services provided in Ohio are delivered through evidence-based or innovative, promising home visiting models, (3) the Early Intervention Services Advisory Council, which serves as the state interagency coordinating council for early intervention services, and (4) the Early Childhood

[25] 42 U.S.C. 9837b(b)(1).

[26] 20 U.S.C. 1441.

Advisory Council, which serves as the state advisory council on early childhood education and care and promotes family-centered programs and services.

IV. DCY duties

Autism services contracts

(R.C. 3323.32)

The bill requires DCY – when applicable – to contract with an entity to administer programs and coordinate services for infants, preschool and school-age children, and adults with autism and low incidence disabilities. The bill does not describe the circumstances that trigger this duty. This requirement mirrors existing law requiring DEW to contract with an entity to administer such programs and coordinate such services, though without using the phrase "when applicable."

In contracting with an entity, the bill requires the DCY Director, like the DEW Director under current law, to give primary consideration to the Ohio Center for Autism and Low Incidence as the contracting entity.

Biennial summit on home visiting

(R.C. 5180.24, repealed)

Beginning in FY 2026, DCY is required to facilitate, and allocate funds for, a biennial summit on home visiting services. The summit is intended to convene people and government entities involved with the delivery of home visiting services in Ohio and share the latest research on home visiting, discuss strategies regarding evidence-based home visiting models and tobacco use reduction, and present challenges and successes encountered by home visiting programs. The bill repeals this requirement.

DCY transfers, conforming changes, and recodification

(R.C. Chapters 5101 and 5180; conforming changes in numerous other R.C. sections)

The bill makes numerous changes regarding the duties and responsibilities of DCY. Most of the changes are conforming, corrective, or technical. However, the bill also transfers or adds new responsibilities regarding specific programs to DCY.

The bill makes conforming changes and technical corrections to reflect the transfer of various responsibilities to DCY in H.B. 33, the main operating budget of the 135th General Assembly. In 2023, H.B. 33 established DCY to serve as the state's primary children's services agency. The bill adds references to DCY in sections of law where H.B. 33 transferred various duties, programs, and functions to the agency.

The bill also removes obsolete language related to deadlines to fulfill various duties that have already passed.

Finally, the bill relocates and recodifies numerous Revised Code sections that relate to the duties and responsibilities of DCY to Chapter 5180, the DCY chapter of the Revised Code. The following table outlines the recodification and includes a brief description of each section as well as sections in which cross-references to existing law sections were updated.

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.26	5101.76	Procurement of epinephrine autoinjectors for camps	3728.01, 4729.01, 4729.541, 4730.433, 4723.483, 4731.96
5180.261	5101.77	Procurement of inhalers for camps	4729.541
5180.262	5101.78	Procurement of glucagon for camps	4723.4811, 4729.01, 4729.541, 4730.437, 4731.92
5180.27	3738.01	Pregnancy-Associated Mortality Review Board (PAMR)	121.22, 149.43, 3738.09 (5180.278)
5180.271	3738.02	PAMR: review while criminal investigation is pending	3738.01 (5180.27)
5180.272	3738.03	PAMR: members, quorum, meetings	
5180.273	3738.04	PAMR: reduction of pregnancy-associated deaths	
5180.274	3738.05	PAMR: production of documents; family member participation	
5180.275	3738.06	PAMR: confidentiality	3738.09 (5180.278)
5180.276	3738.07	PAMR: immunity from civil liability	
5180.277	3738.08	PAMR: reports	149.43, 3738.06 (5180.275), 3738.09 (5180.278)
5180.278	3738.09	PAMR: rulemaking	3738.01 (5180.27), 3738.03 (5180.272), 3738.04 (5180.273)
5180.40	5101.13	Statewide Automated Child Welfare Information System (SACWIS): establishment	149.38, 1347.08, 2151.421, 3107.033, 3107.034, 5101.131 (5180.401), 5101.132 (5180.402), 5101.133 (5180.403), 5101.134 (5180.404), 5101.135 (5180.405), 5101.899, 5103.18

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.401	5101.131	SACWIS: confidentiality	
5180.402	5101.132	SACWIS: access	5101.131 (5180.401) 5101.133 (5180.403), 5101.134 (5101.404), 5103.18
5180.403	5101.133	SACWIS: use and disclosure	5101.134 (5180.404), 5101.99
5180.404	5101.134	SACWIS: rulemaking	5101.133 (5180.403)
5180.405	5101.135	SACWIS: notation of shaken baby syndrome	5180.14
5180.406	5101.136	SACWIS: request for search	
5180.407	5101.137	SACWIS: expungement	
5180.41	5101.14	Payments to counties for children services	
5180.411	5101.144	Children services fund	5101.14 (5180.41), 5101.141 (5180.42), 5705.14
5180.42	5101.141	Administering federal payments for foster care and adoption assistance	2151.45, 2151.451, 5101.141 (5180.42), 5101.145 (5180.422), 5101.146 (5180.423), 5101.1410 (5180.427), 5101.1413 (5180.4210), 5101.1416 (5180.4213), 5101.1417 (5180.4214), 5101.35, 5101.89, 5103.32, 5153.122, 5153.16, 5153.163
5180.421	5101.142	Conducting a demonstration project expanding Title IV-E eligibility	5101.141 (5180.42)
5180.422	5101.145	Rules on financial requirements for agencies that provide Title IV-E placement services	
5180.423	5101.146	Penalties for noncompliance with fiscal accountability procedures	5101.1410 (5180.427)

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.424	5101.147	Notification of noncompliance with fiscal accountability procedures	
5180.425	5101.148	No unnecessary removal of children due to sanction	
5180.426	5101.149	No personal loans from children services fund	
5180.427	5101.1410	Certifying a claim to the Attorney General	
5180.428	5101.1411	Federal payments for foster care and adoption assistance for emancipated young adults (EYA) and adopted young adults (AYA)	2151.451, 2151.452, 2151.453, 5101.141 (5180.42), 5101.1412 (5180.429), 5101.1413 (5180.4210), 5101.1414 (5180.4211), 5101.1415 (5180.4212), 5101.1417 (5180.4214), 5101.802 (5180.52)
5180.429	5101.1412	Voluntary participation agreement for EYA care and placement	5101.1414 (5180.4211)
5180.4210	5101.1413	Payment of nonfederal share	5101.1414 (5180.4211)
5180.4211	5101.1414	Rulemaking EYAs	5103.30
5180.4212	5101.1415	Applicability of EYA/AYA provisions	
5180.4213	5101.1416	Kinship Guardianship Assistance (KGA): establishment	5101.141 (5180.42), 5101.1417 (5180.4214), 5153.163
5180.4214	5101.1417	Rules to carry out federal foster care, adoption, and KGA	5101.141 (5180.42)
5180.43	5101.1418	Post adoption special services subsidy payments	
5180.44	5101.15	Schedule of reimbursement for child welfare workers	

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.45	5101.19	Adoption grant program (AGP): definitions	5101.19 (5180.45), 5101.191 (5180.451)
5180.451	5101.191	AGP: creation	5101.192 (5180.452), 5101.193 (5180.453), 5747.01
5180.452	5101.192	AGP: eligibility	5101.191 (5180.451)
5180.453	5101.193	AGP: rules	5101.193 (5180.453), 5101.194 (5180.454)
5180.454	5101.194	AGP: public records	5101.19 (5180.45), 5101.191 (5180.451)
5180.50	5101.85	Kinship caregiver definition	124.1312, 2151.316, 2151.416, 2151.4115, 2151.424, 3107.01, 3310.033, 3317.022, 5101.802 (5180.52), 5101.88 (5180.53), 5103.02, 5103.0329
5180.51	5101.851	Statewide Kinship Care Navigator Program (KCNP)	5101.85 (5180.50), 5101.853 (5180.511)
5180.511	5101.853	KCNP: establishment of regions	5101.854 (5180.512)
5180.512	5101.854	KCNP: content	
5180.513	5101.855	KCNP: rulemaking	
5180.514	5101.856	KCNP: funding	5101.85 (5180.50)
5180.52	5101.802	Kinship Permanency Incentive Program	5101.80, 5153.16
5180.53	5101.88	Kinship Support Program (KSP): definitions	
5180.531	5101.881	KSP: creation	3119.01, 5101.88 (5180.53)
5180.532	5101.884	KSP: eligibility	5101.885 (5180.533), 5101.887 (5180.535)
5180.533	5101.885	KSP: payment amount	

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.534	5101.886	KSP: payment time limited	5101.887 (5180.535)
5180.535	5101.887	KSP: ceasing payment	
5180.536	5101.8811	KSP: rulemaking	5101.88 (5180.53)
5180.56	5101.8812	Inalienability of kinship benefits	
5180.57	5101.889	Foster care maintenance for kinship caregiver certified as foster home	
5180.70	5101.34	Ohio Commission on Fatherhood (OCF): creation	5101.805 (5180.704)
5180.701	5101.341	OCF: members and funding	5101.342 (5180.702)
5180.702	5101.342	OCF: state summits on fatherhood	
5180.703	5101.343	OCF: exemption from sunset review	
5180.704	5101.805	OCF: recommendations to DCY	5101.342 (5180.702), 5101.80, 5101.801
5180.71	5101.804	Ohio Parenting and Pregnancy Program	5101.80, 5101.801
5180.72	3701.65	“Choose Life” fund	4503.91
5180.73	5180.40	Communication re parenting education programs	
5180.99	3738.06(C) 5101.99(B)	Criminal penalties	

Transfer of additional responsibilities to DCY

(R.C. 3107.062, 3701.045, 5101.33, 5101.892, 5101.899, 5103.021, 5123.191, 5139.05, 5139.08, 5139.34, 3738.01 (5180.27), 3701.045, 3701.65 (5180.72); conforming changes in numerous other R.C. sections)

The bill transfers or adds additional responsibilities related to various programs and entities to DCY. This includes oversight or responsibility regarding the following:

- Oversight of the Pregnancy-Associated Mortality Review Board (established in ODH under existing law);
- Oversight of the "Chose life" fund (controlled by ODH under existing law);
- Oversight of the Putative Father Registry (established by JFS under existing law);
- Oversight of child fatality review boards, with ODH (replaces Children's Trust Fund Board, which currently oversees the boards with ODH under existing law);
- Oversight of scholars residential centers (overseen by JFS under existing law);
- Administration of electronic benefit transfers (adds DCY; existing law grants responsibilities to JFS only);
- Access to DCY records by the Youth and Family Ombudsmen Office (adds DCY; existing law grants access to JFS records only);
- Coordination with DYS regarding placement and oversight of children under DYS commitment;
- Providing technical assistance to a court-appointed receiver of a Department of Developmental Disabilities-licensed residential facility.

The bill also adds the DCY Director to a list of recipients of an annual report that the Youth and Family Ombudsmen Office is required to issue.

DEPARTMENT OF COMMERCE

Division of Financial Institutions

Financial Literacy Education Fund

- Removes the statutory requirement that 5% of all charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities be transferred to the Financial Literacy Education Fund.
- Requires the OBM Director to transfer $150,000 from the Consumer Finance Fund to the Financial Literacy Education Fund in each of the next two fiscal years.
- Removes the requirement that at least half of the financial literacy programs be offered at public community colleges and state institutions.
- Removes the requirement that the Director of Commerce (COM Director) provide a report to the Governor and General Assembly on such financial literacy programs.

Division of Real Estate

Real estate salesperson and broker applications

- Requires an applicant for a license as a real estate salesperson or broker to include the address of current residence on the application.
- Requires an applicant for a real estate broker license that is not an individual, to include on the application the address of the current residence of each of the applicant's members or officers.
- Exempts the addresses from the Public Records Law.

Burial permit fee

- Increases the burial permit fee from $3.00 to $4.50.

Division of Securities

Securities Investor Education and Enforcement Expense Fund

- Allows money in the Division of Securities Investor Education and Enforcement Expense Fund (SIEEEF) to be used for grants.
- Allows the Division of Securities to adopt rules concerning qualifications for grant-funded programs.

Ohio Investor Recovery Fund

- Removes the annual $2.5 million cap on cash transfers from the Division of Securities Fund to the Ohio Investor Recovery Fund (OIRF).

Division of Industrial Compliance

Wage and hour records

- Requires an employer who fails to retain records related to wages and hours to pay a fine of not more than $100 for each day the violation persists but limits the total fine to no more than $5,000.
- Requires fines collected for failing to maintain wage and hour records to be deposited in the state treasury to the credit of the Industrial Compliance Operating Fund.

Specialty contractor license application

- Removes the requirement that a specialty contractor license application be verified by the applicant's oath (notarized).

Elevator mechanics

- Eliminates the requirement that a licensed elevator mechanic seeking a temporary continuing education waiver due to a temporary disability sign the waiver application under penalty of perjury.
- Eliminates the requirement that a physician's statements regarding the licensee's temporary disability be certified.

Board of Building Standards

Grant program

- Permits the Board of Building Standards (BBS) to establish a grant program to assist municipal, township, and county building departments ("local building departments") in recruiting, training, and retaining personnel.

Third-party plan examiners and building inspections

- Allows BBS to adopt rules that allow local building departments to accept plans examination and inspection reports from third-party building plan examiners and building inspectors.
- Permits BBS to establish competency standards for third-party building plan examiners and building inspectors.
- Specifies that the fees charged by a third-party examiner or inspector are the responsibility of the building owner and are in addition to current fees collected by local building departments on behalf of BBS.
- Clarifies that plan approvals and certificates of occupancy or completion remain the exclusive authority of the certified personnel employed by or under contract with a certified local building department and cannot be issued by a third-party examiner or inspector.

Residential building code enforcement

- Separates the state's Residential Building Code into two distinct categories of enforcement: (1) the erection and construction of new buildings, and (2) the repair and alteration of existing buildings.
- Authorizes local building departments that are certified to enforce the Residential Building Code for new buildings to also seek certification to enforce the Residential Building Code for existing buildings.
- Clarifies that local building departments and personnel are required to obtain certification from BBS for each category of the Residential Building Code they elect to enforce.
- Maintains that the 1% fee paid by certain local building departments to BBS in connection with residential buildings applies to enforcement of both categories of the Residential Building Code.

Online safety, privacy, and transparency

Kids Internet and Data Safety Commission (KIDS)

- Creates a ten-member Kids Internet and Data Safety Commission (KIDS) within the Department of Commerce (COM).
- Requires KIDS to administer and enforce the bill's provisions concerning covered platforms, online platforms, and operators, referred to in this analysis as the Online Safety, Privacy, and Transparency Law (OSPTL).
- Allows KIDS to identify current or emerging risks of harm to children and teens associated with online platforms and recommend measures for assisting, preventing, and mitigating those harms.
- Requires KIDS to issue certain guidance to covered platforms and operators within 90 days after the effective date of the OSPTL.
- Specifies that the guidance is not binding on KIDS, covered platforms, operators, or any other person.
- Prohibits KIDS from publishing or disclosing trade secrets or information that is privileged or confidential, except to law enforcement agencies under certain specified circumstances.
- Requires KIDS to publish all other information reported under the OSPTL to the KIDS website.

Covered platforms

- Requires "covered platforms," i.e., online platforms, video games, messaging applications, or video streaming services that are likely to be accessed by a child or teen, to take certain measures to prevent foreseeable harms to children and teens.

- Requires a covered platform to offer certain "readily accessible" and "easy-to-use" safeguards and parental controls to users that the platform knows are children or teens.
- Requires a covered platform to provide a system for reporting content harmful to children or teens and to meaningfully respond to reports within a specified period of time.
- Prohibits a covered platform from conducting market or product-focused research on children and requires a covered platform to obtain verifiable parental consent before conducting market or product-focused research on teens.
- Prohibits a covered platform from facilitating certain advertisements to children or teens and requires other advertisements to include an identifying label.
- Requires a covered platform to provide notice of the safeguards and parental tools to children and teens and, in the case of a child, obtain verifiable parental consent.
- Requires a covered platform to explain any personalized recommendation systems it uses and to provide the opportunity for children, teens, and their parents to opt out of such systems.
- Requires covered platforms with more than 350,000 active Ohio users per month to undergo third-party audits and issue annual reports concerning compliance with the OSPTL.

Online platforms

- Requires "online platforms," i.e., a public website, online service, online application, or mobile application that provides a community forum for user generated content, to provide notices about the algorithms used to display content on the platform and to allow users to opt into an input-transparent algorithm.

Operators

- Prohibits certain practices by operators of websites, online services, online applications, and mobile applications related to collection, use, disclosure, and retention of personal information of children and teens.
- Requires such operators to obtain "verifiable consent" from the teen or the parent of the child before collecting such personal information, subject to certain exclusions.
- Prohibits an operator from collecting, using, disclosing, or maintaining a child's or teen's personal information for the purposes of delivering individual-specific advertising.
- Prohibits an operator from using personal information collected to support the internal operations of a website, online service, online application, or mobile application for any other purpose.
- Prohibits an operator from conditioning a child's or teen's participation in a game, a prize, or any other activity on disclosing more personal information than is reasonably necessary for such participation.

- Requires an operator to provide notice what personal information the operator collects from children and teens, how the operator uses that information, the operator's disclosure practices, the opportunities available to correct or delete the information, and the procedures and mechanisms the operator uses to comply with the OSPTL.
- Requires an operator to provide opportunities to obtain personal information collected by the operator, correct inaccurate personal information, and opt out of future collection, use, and maintenance of personal information.
- Requires an operator to obtain verifiable consent from a teen or the parent of a child before collecting, using, or disclosing that teen's or child's personal information.
- Requires an operator to establish, implement, and maintain reasonable security practices to protect the confidentiality, integrity, and accessibility of personal information the operator collects from children and teens.
- Permits KIDS to allow a common verifiable consent mechanism that may be used to allow a teen or the parent of the child to grant consent for multiple websites, online platforms, online applications, and mobile applications.
- Allows an operator to submit self-regulatory guidelines to KIDS that, if approved, would demonstrate compliance with all elements of the OSPTL.

Enforcement and penalties

- Requires all actions enforcing the OSPTL to identify a violation of a specific statute or rule, as opposed to a violation of guidelines issued by KIDS.
- Allows KIDS to impose administrative penalties on persons not in compliance with the OSPTL.
- Requires KIDS to allow a grace period for persons in substantial compliance with the OSPTL and who correct the violation within 90 days.
- Requires all administrative penalties to be deposited to the Kids Internet and Data Safety Fund, to be used by KIDS to enforce the OSPTL, and by the Director of Behavioral Health to support online addiction treatment for minors.

Effective date

- Delays the effective date of the OSPTL until July 1, 2026.

Division of Unclaimed Funds

- Authorizes COM to exchange information with political subdivisions and other state agencies to locate and return unclaimed funds to their rightful owner.
- Authorizes COM to waive the submission of the standard claim form under certain specified circumstances.
- Establishes guidelines relating to claims made by and paid to a deceased owner's estate.

- Imposes 3% interest on unclaimed funds that are not timely reported, paid, or delivered, and an additional $100-per-day penalty after four months.
- Allows the COM Director to waive interest charges upon a showing of good cause.
- Eliminates the requirement that the value of intangible property be determined, for the purposes of unclaimed funds penalties, based on market value or by the method used by the Department of Taxation.
- Specifies that the fine for other violations of the Unclaimed Funds Law is not more than $500 per offense, is in lieu of the penalties and interest for failing to report, pay, or deliver unclaimed funds, and may be waived by the Director if the person acted in good faith and without negligence.
- Allows the Director to impose an additional civil penalty for filing a fraudulent unclaimed funds report.

Division of Liquor Control

Spirituous liquor sales

- Clarifies that the Division has authority to sell spirituous liquor from A-3a liquor permit premises (micro-distilleries) because, under current law, those permit holders sell spirituous liquor that the permit holder manufactures under contract with the Division.

Liquor permit fee changes

- Stipulates that the fee for the D-7 liquor permit (restaurants and bars located in a resort area), which is issued for six months, is $2,814, rather than $469 per month; thus the fee is the same over the six-month period.
- For purposes of the current $60 per day F-4 liquor permit fee (for wine festivals one to three days long), increases or retains the fee depending on the number of days of the festival.
- For purposes of the current $60 per day F-11 liquor permit fee (for craft beer festivals one to three days long), increases or retains the fee depending on the number of days of the festival.
- Transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the existing Undivided Liquor Permit Fund to the existing State Liquor Regulatory Fund.
- Increases from $100 to $250 the fee for the renewal of an S-2 liquor permit (large winery), thus making the amount of the renewal fee equal to the $250 fee for an initial S-2 liquor permit.

Division of Financial Institutions

Financial Literacy Education Fund

(R.C. 121.085 and 1321.21; Sections 243.10 and 243.30)

The bill removes the requirement that the OBM Director transfer 5% of the charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities regulated by the Superintendent, from the Consumer Finance Fund to the Financial Literacy Education Fund. The Consumer Finance Fund remains the only source of revenue for the Financial Literacy Education Fund. The bill requires the OBM Director to transfer up to $150,000 from the consumer finance fund to the Financial Literacy Education Fund in each of the next two fiscal years. Under continuing law, the remaining money in the Consumer Finance Fund is used to defray the costs of regulating the above-mentioned entities.

The bill removes the requirement for the Director of Commerce (COM Director) to adopt a rule requiring at least half of the financial literacy education fund programs to be offered at public community colleges and state institutions. It also removes a requirement that the Director provide an annual report to the Governor and the leadership of the House of Representatives and the Senate that outlines each financial literacy education program developed or implemented, the number of individuals educated by the program, and the accounting for all funds distributed.

Division of Real Estate

Real estate salesperson and broker applications

(R.C. 4735.06 and 4735.09)

Continuing law requires that real estate salespersons and brokers obtain a license from the Superintendent of the Division of Real Estate and Professional Licensing within the Department of Commerce (COM). The bill requires the applicant for a real estate salesperson or broker license to include on the application the address of the applicant's current residence. In the case of a real estate broker, which can be an individual or a business, the bill requires that if the applicant is not an individual, the application must include the address of the current residence of each of the applicant's members or officers. The bill specifies that the address information is not subject to Ohio's Public Records Law.[27]

Burial permit fee

(R.C. 3705.17)

The bill increases the burial permit fee from $3.00 to $4.50. Under continuing law, when obtaining a burial permit, a funeral director or other person must pay a fee to the local registrar or sub-registrar. The local registrar or sub-registrar that issues the burial permit retains 50¢. The remainder is paid to the Cemetery Registration Fund and used to maintain operations of the

[27] R.C. 4735.06(A)(3) and (4) and 4735.09(A).

Division of Real Estate and Professional Licensing and the Cemetery Dispute Resolution Association.

Division of Securities

Securities Investor Education and Enforcement Expense Fund

(R.C. 1707.37)

The bill expands the purposes for which money in the Division of Securities Investor Education and Enforcement Expense Fund (SIEEEF) to be used to fund grants, in addition to paying expenses for education and protection of securities investors and the public. The bill also expands the Division's rulemaking authority to allow for rules concerning qualifications for grant-funded programs.

Ohio Investor Recovery Fund

(R.C. 1707.47)

The bill removes the $2.5 million annual cap on transfers from the Division of Securities to the Ohio Investor Recovery Fund (OIRF). Under continuing law, the OIRF provides restitution to individuals, businesses, and organizations domiciled in Ohio that are victims of securities fraud. The maximum OIRF award is limited to the lesser of $25,000 or 25% of the monetary injury suffered by the victim according to a final administrative order issued by the Division. To receive a restitution assistance award, a claimant must submit an application to the Division within 180 days after the date of the final order.

Division of Industrial Compliance

Wage and hour records

(R.C. 121.084 and 4111.99)

The bill requires an employer who fails to retain records related to wage rates, wages paid, and hours worked by each employee to pay a fine of not more than $100 for each day the violation persists. However, total fines assessed on an employer for the failure may not exceed $5,000. Fines collected for recordkeeping violations must be paid into the state treasury to the credit of the Industrial Compliance Operating Fund. Under continuing law, COM uses the fund to pay the Division of Industrial Compliance's operating expenses and the Division's share of the COM's administrative costs.

The Minimum Wage Amendment to the Ohio Constitution and Ohio's Minimum Fair Wage Standards Law require an employer to make a record of all the following for each employee and keep the records for a period of not less than three years after the employee's employment ends:

- The name, address, and occupation of the employee;
- The rate of pay and the amount paid to the employee;
- The hours worked each day and each work week by the employee;

- Any other information the Director prescribes by rule as necessary or appropriate for enforcing the overtime law.

An employer must, on request and without charge, provide the information to an employee or a person acting on behalf of the employee. The employer also must make the records available for inspection or copying by the COM Director at any reasonable time.[28]

Specialty contractor license application

(R.C. 4740.06)

The bill removes the requirement that a specialty contractor license application be verified by the applicant's oath. Under current law, the application must be notarized. A specialty contractor license is required to be one of the following types of commercial contractor: heating, ventilating, and air conditioning (HVAC) contractor; refrigeration contractor; electrical contractor; plumbing contractor; or hydronics contractor.

Elevator mechanics

(R.C. 4785.041; Section 125.10)

Under continuing law, a licensed elevator mechanic who is unable to complete the continuing education required to renew a license due to a temporary disability may apply to place the license on inactive status. The bill eliminates the requirements:

- That the licensee sign the application under penalty of perjury; and
- That the accompanying physician statement attesting to the temporary disability be certified.

To reactivate the license, the licensee must submit another physician statement attesting that the temporary disability has ended. The bill eliminates the requirement that the physician statement be certified.

Board of Building Standards

Grant program

(R.C. 3781.10 and 3781.102)

Under continuing law, the Ohio Board of Building Standards (BBS) within COM is in charge of adopting the state building codes as well as certifying municipal, township, and county building departments ("local building departments") and their personnel throughout Ohio to enforce the state building codes. The bill permits BBS to establish a grant program to assist local building departments in the recruitment, training, and retention of qualified personnel. The grant program is funded using fees credited to the Industrial Compliance Operating Fund in connection with inspections and approval of plans and specifications by local building departments.

[28] R.C. 4111.08 and 4111.14(F), not in the bill; see also Ohio Constitution, Article II, Section 34a.

Third-party plan examiners and building inspections

(R.C. 3781.10)

Under current law, only certified local building departments and personnel are authorized to exercise enforcement authority respecting the state building codes. The bill allows BBS to adopt rules authorizing certified local building departments to accept plans examination and inspection reports from a third-party examiner or inspector.

The rules may require the third-party examiner or inspector to obtain certification from BBS or "to demonstrate equivalent competency" as specified and determined by BBS. The bill does not necessarily require that a third-party examiner or inspector be certified or trained in the same manner as local building department personnel. The bill specifies that the fees charged by a third-party examiner or inspector are in addition to the fees collected by the local building department on behalf of BBS. Furthermore, any additional fee for the third-party inspection is the responsibility of the building owner.

The bill clarifies that plan approvals and certificates of occupancy or completion remain the exclusive authority of the certified personnel employed by or under contract with a certified local building department. Such approvals and certificates cannot be issued by a third-party examiner or inspector.

Divide Residential Building Code

(R.C. 3781.10 and 3781.102)

Ohio has two building codes: one for *nonresidential buildings* (a building that is not a residential building or a manufactured or mobile home), and one for *residential buildings* (a one-family, two-family, or three-family dwelling house, and any accessory structure incidental to that dwelling house, but not an industrialized unit or a manufactured or mobile home).[29] The codes are adopted pursuant to the Building Standards Law.[30] Under current law, changed in part by the bill, the Residential Building Code provides uniform requirements for residential buildings in any area with a certified local building department. The bill divides enforcement of the Residential Building Code into two distinct categories:

1. The erection and construction of new residential buildings;

2. The repair and alteration of existing residential buildings.

Under the bill, a local building department and its personnel may seek certification to enforce only the Residential Building Code for new buildings, or to enforce the Residential Building Code for both new buildings and existing buildings. These are separate certifications through BBS. Under continuing law, local building departments collect a 1% fee from building owners on behalf of BBS when the local building department accepts and approves plans and

[29] R.C. 3781.06.

[30] R.C. Chapters 3781 and 3791.

conducts inspections. The bill maintains that 1% fee and applies it to both new and existing residential building enforcement.

Online safety, privacy, and transparency

Kids Internet and Data Safety Commission (KIDS)

(R.C. 3793.02, 3793.03, 3793.04, and 3793.05)

Composition

The bill creates the Kids Internet and Data Safety Commission (KIDS) within COM, consisting of the following ten members:

- One member appointed by the President of the Senate;
- One member appointed by the Speaker of the House of Representatives;
- The Director of the Department of Behavioral Health, or the Director's designee;
- The Director of Children and Youth, or the Director's designee;
- The COM Director, or the Director's designee;
- Five members appointed by the Governor, at least two of which have expertise in preventing online harm to children and teens.

Each member of KIDS serves at the discretion of the member's appointing authority. The COM Director or the Director's designee is the chair of KIDS and is responsible for calling meetings. COM and its staff are required to provide technical and administrative support as needed by KIDS.

Duties

KIDS is required to administer and enforce the bill's provisions concerning covered platforms, online platforms, and operators, which are referred to in this analysis as the Online Safety, Privacy, and Transparency Law (OSPTL). KIDS may adopt rules as necessary to implement and enforce the OSPTL.

KIDS may also identify current or emerging risks of harm to children and teens associated with online platforms (see "**Online platforms**" below), and may recommend measures and methods for assessing, preventing, and mitigating those harms. The bill defines "child" as an individual under 13 years of age, and "teen" as an individual who is at least 13 years of age but under 17 years of age. Additionally, KIDS may recommend methods and themes for conducting research (in a variety of languages) on these harms. Furthermore, KIDS may recommend best practices and clear, consensus-based technical standards for the transparency reports and audits required by the OSPTL for covered platforms (see "**Public reports**" and "**Audits**" below). These may include methods, criteria, and scope to promote overall accountability.

Guidance

The bill requires KIDS, within 90 days after July 1, 2026, (the effective date of the OSPTL) to issue guidance concerning the application and enforcement of certain provisions of the OSPTL.

The guidance must include assistance for covered platforms and auditors (see "**Covered platforms**" and "**Audits**" below) with respect to the following:

- Identifying design features (see "**Design features**" below) that encourage or increase the frequency, time spent, or activity of children or teens on the covered platforms;
- Safeguarding children and teens against possible misuse of parental tools (see "**Parental tools**" below);
- Best practices in providing children, teens, and their parents the most protective level of control over privacy and safety (see "**Safeguards**" below);
- The use of indicia or inferences of user ages to assess use of the covered platform by children and teens;
- Methods for evaluating the efficacy of safeguards required by the OSPTL (see "**Safeguards**" below);
- The provision of additional parental tool options which allow parents to address potential harms to children and teens (see "**Parental tools**" below).

Additionally, the KIDS guidance must outline conduct which does *not* have the purpose of effect of subverting or impairing user autonomy or choice, or causing, increasing, or encouraging compulsive use for a child or teen (see "**Design features**" below). This includes the following:

- De minimis or insignificant changes to the user interface, such as different styles, layouts, or text, based on testing consumer preferences, when those changes are not done with the purpose of weakening or disabling safeguards or parental controls;
- Algorithms or data outputs outside the control of a covered platform;
- Establishing default settings that provide enhanced privacy protection to users, or which otherwise enhance their autonomy and decision-making ability.

Furthermore, KIDS must issue guidance which provides information, including best practices and examples, for understating how KIDS will determine whether an operator or covered platform knows that a user is a child or teen for the purposes of the OSPTL. Under the bill "know" is defined to include both actual knowledge and knowledge fairly implied on the basis of the circumstances. Whether a covered platform or operator knows that a user is a child or teen is determined based on "competent and reliable evidence, taking into account the totality of the circumstances, including whether a reasonable and prudent person under the circumstances would have known that the user is a child or teen."

The bill allows, but does not require, KIDS to issue guidance to assist covered platforms in complying with notice and advertising requirements under the OSPTL. The bill specifies that the guidance issued by KIDS does not confer any rights on any person or locality. Additionally, no guidance issued by KIDS is binding on KIDS or any other person with respect to the approach recommended in that guidance.

Records

The bill prohibits KIDS from publishing or otherwise making public any trade secret or other commercial or financial information that is privileged or confidential. KIDS may only disclose privileged or confidential commercial and financial information in limited circumstances. First, it may disclose such information to officers and employees of appropriate state or federal law enforcement agencies, but only after certification by that officer, employee, or agency that the information will be maintained in confidence and used only for official law enforcement purposes. Second, it may disclose that information to an officer or employee of a foreign law enforcement agency, but only to the extent to which the Federal Trade Commission is permitted to make material available to foreign law enforcement agencies under federal law.

Otherwise, all reports and documentation submitted to KIDS under the OSPTL must be published on the KIDS website.

Covered platforms

(R.C. 3793.01, 3793.04, 3793.20, 3793.21, 3793.22, 3793.23, 3793.24, and 3793.25)

The bill requires covered platforms to adhere to certain requirements concerning design features, safeguards, and parental tools. A "covered platform" is an online platform (see "**Online platforms**" below), *online video game*, messaging application, or video streaming service that connects to the internet and that is used, or is reasonably likely to be used, by a child or teen. The definition does not include common carrier services, *broadband internet access services*, email services, video conferencing services, wireless messaging services, nonprofits, educational websites, business-to-business software, virtual private networks, or government websites.

The definition expressly includes an "online video game," which is defined as a video game, including an educational video game, that connects to the internet and allows a user to (1) create and upload content (other than content that is incidental to game play) such as user-created character or level designs, preselected phrases, or short interactions with other users, (2) engage in *microtransactions* within the game, or (3) communicate with other users. A "microtransaction" is a purchase made in an online video game, including purchases made using virtual currency that is purchasable or redeemable using cash or credit or that is included as part of a subscription service and purchases involving surprise mechanics, new characters, or in-game items. "Microtransaction" does not include purchases using virtual currency that is earned through game play and is not otherwise purchasable or redeemable using cash or credit or included as part of a paid subscription service or purchases of additional levels within the game or an overall expansion of the game.

Expressly excluded from the definition of covered platform are "broadband internet access services" which are mass-market retail services by wire or radio that provide the capability to transmit data to and receive data from all or substantially all internet endpoints, including any capabilities that are incidental to and enable the operation of the communications services, but excluding dial-up internet access services.

Design features

Under the bill, covered platforms are required to take reasonable care in creating and implementing design features to prevent or mitigate certain foreseeable harms to children or teens. A "design feature" is something that encourages or increases the frequency, time spent, or activity of users on a covered platform. The term expressly includes things like infinite scrolling, autoplay, rewards or incentives, notifications, push alerts, badges or other award symbols, *personalized design features*, in-game purchases, and appearance-altering filters. A "personalized design feature" is a fully or partially automated system, including a recommendation system, that is based on the collection of personal information of users and that encourages or increases the frequency, time spent, or activity of users on the covered platform.

The duty of care applies only if a reasonable and prudent person would agree that both (1) the harm at issue is reasonably foreseeable by the covered platform, and (2) the design feature is a contributing factor to the harm. The bill identifies the following as potentially foreseeable harms to children and teens:

- Eating disorders, substance abuse disorders, and suicidal behaviors;
- "Compulsive use" of the covered platform, which the bill defines as persistent and repetitive use that significantly impacts one or more of an individual's major life activities, including socializing, sleeping, eating, learning, reading, concentrating, communicating, or working;
- Depressive and anxiety disorders when such conditions have objectively verifiable and clinically diagnosable symptoms and are related to compulsive use of the covered platform;
- Physical violence or online harassment that is so severe, pervasive, or objectively offensive that it impacts a major life activity of a child or teen;
- "Sexual exploitation and abuse" of a child or teen, which is defined to include coercion and enticement, child sexual abuse material, trafficking for the production of images, and sex trafficking of children;
- Distribution, sale, or use of narcotics, tobacco, cannabis, alcohol, or gambling;
- Financial harms caused by unfair or deceptive acts or practices.

The bill specifies that a covered platform is not required to prevent a child or teen from independently searching for or requesting certain content, or from accessing information and resources regarding the prevention or mitigation of harms. The bill also states that a government entity is not authorized to enforce the duty of care requirement based upon the viewpoint of users expressed by or through any speech, expression, or information protected by the First Amendment to the U.S. Constitution.

Safeguards

The bill requires a covered platform to provide privacy options for users that the covered platform knows are children or teens (see "**Guidance**" above). The safeguards must include the ability to do all of the following:

- Limit the ability of other users to communicate with the child or teen;
- Prevent other users and visitors, including those who are not registered with the covered platform, from viewing the child's or teen's personal information (see "**Personal information**" below);
- Limit any design features that encourage or increase the frequency, time spent, or activity of children or teens on the covered platform;
- Control or opt out of personalized recommendation systems (see "**Personalized recommendation systems**" below);
- Restrict the sharing of "geolocation information," which the bill defines as information about a user's location that is sufficient to identify a street name and the name of a city or town;
- Limit the amount of time spent on the covered platform.

These safeguards must, by default, be set to the level that provides the highest level of protection when the covered platform knows that the user is a child or teen. The default settings may be changed by the child or teen or their parent.

Parental tools

In addition to the safeguards, a covered platform that knows a user is a child or teen must provide certain tools that allow parents to view (in the case of a teen user) or manage (in the case of a child user) privacy and account settings, restrict purchases and financial transactions, view metrics of total time spent on the covered platform, and restrict the time that may be spent on the covered platform. Furthermore, the bill requires a covered platform to provide a clear and conspicuous notice of when the tools are in effect and what settings have been applied. For a user that the covered platform knows is a child, the tools must be enabled by default. If the covered platform previously offered parental tools that meet the requirements of the OSPTL, and the parent of the child or teen user declined to enable those tools, the covered platform is not required to offer them again.

Clarity and accessibility

A covered platform must provide the safeguards and parental tools in a "readily accessible" and "easy-to-use" manner. Furthermore, the bill requires a covered platform to conspicuously provide information about the safeguards and parental tools in a manner that (1) takes into consideration the differing ages, capabilities, and developmental needs of the children and teens most likely to access the covered platform, and (2) does not encourage the child, teen, or parent to weaken or disable the privacy safeguards or parental tools. Such information must be offered in the same language, form, and manner as the product or service

provided by the covered platform and must not be designed in such a way to obscure, subvert, or impair user autonomy with respect to safeguards or parental tools.

If the covered platform is operating on behalf of an educational agency or institution, and the contract with that educational agency or institution meets the requirements, discussed below, under "**Agreements with educational agencies or institutions**," the covered platform must provide the safeguards and parental tools to the educational agency or institution rather than the users.

The bill specifies that an online video game is not required to interrupt the natural sequence of game play, such as progressing through game levels or finishing a competition, for the purpose of complying with a safeguard or parental tool. Furthermore, if a user's device is not connected to the internet at a time of a change to the parental tools, the covered platform is required to apply that change the next time the user's device is connected to the internet.

Reporting harmful materials

A covered platform is required to provide a system for reporting content harmful to children or teens. The platform must respond to reports of harmful content within ten days if the platform averaged more than 350,000 active Ohio users per month during the most recent calendar year, or within 21 days if the platform averaged less than that amount of active Ohio users. Regardless of the platform's active users, a platform is required to respond to reports involving an imminent threat to the safety of a child or teen as promptly as needed to address the threat.

Advertising and market research

The bill prohibits a covered platform from conducting market or product-focused research on users that the covered platform knows are children. Covered platforms must not conduct such research on teens unless the platform obtains verifiable parental consent from the parent of the teen prior to conducting the research (see "**Verifiable consent**" below).

Covered platforms are prohibited from facilitating advertisement of narcotic drugs, cannabis products, tobacco products, gambling, or alcohol to children or teens. Furthermore, a covered platform is required to provide clear, conspicuous, and easy-to-understand labels and information to children and teens regarding advertisements. The labels must specify (1) the name of the product, service or brand, (2) the subject matter of the advertisement, and (3) whether a particular media item is an advertisement or marketing material, including disclosure of endorsements made for consideration by users of the platform. The advertising labels may provide the required information through a link to another web page or disclosure.

Preservation of authority

The bill specifies that the design feature, safeguard, and parental tool requirements do not do any of the following:

- Prevent a covered platform from blocking, detecting, or preventing the distribution of unlawful, obscene, or other material harmful to juveniles;

- Prevent a covered platform from blocking or filtering spam, preventing criminal activity, or protecting the security of the platform;
- Require the disclosure of browsing behavior, search history, messages, contact lists, or other content or metadata of the communications of a child or teen;
- Prevent a covered platform from using a personalized recommendation system (see "**Personalized recommendation systems**" below) to display content to a child or teen if the system only uses information on the child's or teen's language, location, and age;
- Prevent an online video game from disclosing a username or other user identification for the purpose of competitive game play or to allow for reporting of users;
- Prevent a covered platform from contracting with a third-party entity to provide safeguards or parental tools or to offer similar or stronger protective capabilities for children or teens;
- Prevent a covered platform from cooperating with law enforcement;
- Prevent a covered platform from complying with lawful civil, criminal, or regulatory inquiries or summons;
- Prevent a covered platform from investigating and defending against legal claims;
- Prevent a covered platform from stopping, detecting, or responding to illegal activities, or investigating and reporting those responsible for illegal activities.

Video streaming services are considered to be in compliance with the design feature, safeguard, and parental tool requirements if the service is predominantly news, sports, entertainment, or other programing preselected by the provider and not user-generated, and any chat or interactive functionality is incidental to providing the content. If the service is not predominantly news or sports, the service is required to provide certain parental tools for limiting the child's or teen's use of the service.

Access to information

Before registering a user that the covered platform knows is a child or teen, the bill requires the platform to provide a clear, conspicuous, and easy-to-understand notice of the platform's policies and practices with respect to safeguards for children and teens, information on how to access the required safeguards and parental tools, and, if applicable, information on the platform's personalized recommendation system (see "**Personalized recommendation systems**" below).

Furthermore, if the platform knows that the user is a child, the platform is required to both (1) provide information to the child's parent about the safeguards and parental tools required by the bill, and (2) obtain verifiable consent from that parent (see "**Verifiable Consent**" below). The bill authorizes a covered platform to combine these notice and consent processes with any processes that may be required by other portions of the OSPTL.

A covered platform must also provide a permanent link to comprehensive information about the safeguards and parental tools in a prominent location. All of the information and disclosures must be made available in the same language, form, and manner as the covered platform provides the product or service used by children or teens.

Personalized recommendation systems

If a covered platform operates a personalized recommendation system, the bill requires the platform's terms and conditions to include an overview of how each system is used to provide information to children and teens, how each system uses the personal information of children and teens, and information about options for children and teens, or their parents, to opt out of or control the system. The bill defines "personalized information systems" as automated systems used to suggest, promote, or rank content, including other users, hashtags, or posts, based on the user's personal information. The term excludes systems that suggest, promote, or rank content based solely on the user's language, location, or age.

Public report

The bill requires certain covered platforms to issue an annual public report based on an independent audit. The requirement applies only to covered platforms that (1) averaged more than 350,000 active Ohio users per month in the preceding calendar year, and (2) predominately provide a community forum for user-generated content and discussion. The report must be published in an easy-to-find location on a publicly available website. It must include all of the following:

- An assessment of the extent to which the covered platform is likely to be accessed by children or teens;
- A description of the commercial interests of the platform;
- The number of users that the covered platform knows are Ohio children or teens;
- The median and mean amounts of time spent on the covered platform by those children and teens on a daily, weekly, and monthly basis;
- The amount of content being accessed by those children and teens that is in English and the top five nonEnglish languages used by those children and teens;
- The total reports of materials harmful to children or teens received through the reporting mechanism required by the OSPTL, disaggregated by language (see "**Reporting harmful materials**," above);
- An assessment of the safeguards and parental tools, representations regarding the use of personal information of children and teens, and other matters of compliance;
- An assessment based on aggregate data on the exercise of safeguards and parental tools, and other competent and reliable empirical evidence;
- A description of whether and how the covered platform uses design features that increase, sustain, or extend the use of a product or service by a child or teen;

- A description of whether, how, and for what purpose the covered platform collects or processes categories of personal information (see "**Personal information**" below), including how personal information is used to operate personalized recommendation systems related to children and teens;
- An evaluation of the efficacy of safeguards and parental tools required by the bill, and any issues in delivering them;
- A description of the safeguards and parental tools available to children, teens, and parents on the covered platform;
- A description of the prevention and mitigation measures a covered platform may take, if any, in response to the assessments conducted as part of the report, including steps taken to provide the most protective level of control over safety by default;
- A description of the processes used for the creation and implementation of any design feature that will be used by children or teens;
- A description and assessment of handling reports of materials harmful to children or teens, including the rate of response, timeliness, and substantiveness of responses;
- The status of implementing prevention and mitigation measures identified in prior assessments.

When issuing the report, the covered platform must take steps to safeguard the privacy of its users, including by ensuring that data is presented in a de-identified, aggregated format such that it is not reasonably linkable to any user. The bill defines "de-identified" as data that does not identify and is not linked or reasonably linkable to a device that is linked or reasonably linkable to an individual, regardless of whether the information is aggregated.

Audits

The bill requires the independent, third-party auditor to do all of the following in conducting an inspection of the reasonably foreseeable risk of harm to children or teens:

- Take into consideration the function of personalized recommendation systems;
- Consult parents and youth experts, including youth and families with relevant past or current experience, public health and mental health nonprofit organizations, health and development organizations, and civil society with respect to the prevention of harms to children or teens;
- Conduct research based on experiences of children and teens that use the covered platform, including reports from the reporting system required by the OSPTL and information provided by law enforcement;
- Take account of research, including research regarding design features, marketing, or product integrity, industry best practices, or outside research;
- Take into consideration indicia or inferences of age of users, in addition to any self-declared information about the age of users;

- Take into consideration differences in risk of reasonably foreseeable harms and effectiveness of safeguards across English and non-English languages.

The covered platform is required to facilitate the audit by providing the third-party auditor all information and material relevant to the audit, make available all networks, systems, and assets relevant to the audit, and disclose all facts relevant to the audit.

Online platforms

(R.C. 3793.01 and 3793.30)

The bill also establishes transparency requirements for online platforms that use opaque algorithms. Under the bill, an "online platform" is any public-facing website, online service, *online application*, or *mobile application* that predominantly provides a community forum for user generated content, such as sharing videos, images, games, audio files, or other content, including a social media service, social network, or virtual reality environment. Websites, services, and applications are not considered online platforms solely on the basis of including incidental chat or comment functions. Websites, services, and applications with the predominate purpose of providing travel reviews are expressly excluded from the definition.

An "online application" is an internet-connected software program, including a service or application offered via a connected device. A "mobile application" is a software program that runs on the operating system of a cell phone, tablet, or similar portable computing device that transmits data over a wireless connection. The term includes services or applications offered via a connected device.

Algorithms

Generally speaking, an "algorithmic ranking system" is a computational process used to determine the selection, order relative prioritization, or relative prominence of content from a set of information that is provided to a user on an online platform, including the ranking of search results, the provision of content recommendations, the display of social media posts, or any other method of automated content selection. The term includes computational processes derived from algorithmic decision making, machine learning, statistical analysis, or other data processing or artificial intelligence techniques.

An "opaque algorithm" is an algorithmic ranking system which determines the order or prominence in which information or content is displayed to a user based, in whole or in part, on user-specific data that was not expressly provided by the user to the platform for that purpose. This data could include personal information attached to the account, inferences about the users, as well as other data such as online identifiers like site or advertising cookies which track a user's online habits or presumed preferences.

Alternatively, an "input-transparent algorithm" means a ranking algorithm that does not use user-specific data to determine the order or prominence in which information or content is displayed to a user, unless the user expressly provides that data to the platform *for that purpose*. Even when a user does expressly provide data for that purpose, it only applies to limited types of user-specific data, such as search terms, filters, saved preferences, approximate geolocation information (i.e., information that identifies location to a precision of less than five miles), and

data submitted to express the user's desire to receive particular information, such as subscribing to or following accounts on social media. This data does *not* include the user's device history, web search and browsing history, previous geographical locations, physical activity, device interactions, financial transactions, or inferences about the user or the user's connected device.

Transparency requirements

The bill requires online platforms that use opaque algorithms to provide users with clear and conspicuous notice that the platform applies user-specific data to select the content the user sees. The notice must be provided whenever the user interacts with an opaque algorithm for the first time. It may be a one-time notice that may be dismissed by the user.

In addition, the online platform must include all of the following information in its terms and conditions:

- The most salient features, inputs, and parameters used by the opaque algorithm;
- How any user-specific data used by the algorithm is collected or inferred about a user of the online platform, and the categories of such data;
- Any options that the online platform makes available for a user of the platform to opt out or exercise options under this section, modify the profile of the user, or to influence the features, inputs, or parameters used by the algorithm;
- Any quantities, such as time spent using a product or specific measures of engagement or social interaction, that the algorithm is designed to optimize, as well as a general description of the relative importance of each quantity for such ranking.

The notice must be displayed in a clear, accessible, and easily comprehensible manner. It must be updated whenever the online platform makes a material change to the opaque algorithm. If the online platform is operating on behalf of an educational agency or institution, and the contract with that educational agency or institution meets the requirements, discussed below, under "**Agreements with educational agencies or institutions**," the online platform must provide the required notices to the educational agency or institution rather than the users.

Ability to switch

An online platform that uses an opaque algorithm must allow users to easily switch between that algorithm and an input-transparent algorithm. The bill prohibits an online platform from charging users different rates or otherwise discriminating against them based on their choice in algorithm.

Confidential information

The bill specifies that online platforms are not required to disclose trade secrets, confidential business information, or privileged information.

Operators

(R.C. 3793.01, 3793.04, 3793.40, 3793.41, 3793.42, 3793.43, 3793.44, 3793.45, 3793.46, and 3793.47)

The bill also regulates the data collection and processing practices of operators of websites, online services, online applications, and mobile applications. An "operator" is a person who, for commercial purposes, operates or provides a website, online service, online application, or mobile application, and collects or maintains, either directly or through a service provider, personal information from or about users of that website, online service, online application, or mobile application. The term includes a person that allows another person to collect personal information directly from users or allows users to publicly disclose personal information. Nonprofit corporations and unincorporated nonprofit organizations, existing under the laws of Ohio or any other state, are not included in the definition.

Scope

The OSPTL applies to an operator only if (1) the website, online service, online application, or mobile application is directed to children, or (2) the operator knows (see "**Guidance**" above) that a particular user of the website, online service, online application, or mobile application is a child or teen.

The bill requires KIDS to determine whether a particular website, online service, online application, mobile application, or any portion thereof, is "directed to children." That determination must be based on the totality of circumstances, taking into consideration competent and reliable empirical evidence regarding the composition of the *actual* audience of the website, online service, online application, or mobile application, as well as evidence regarding the *intended* audience. The bill specifies that a website, online service, online application, or mobile application is not directed to children merely because it links users to another site, service, or application that is directed to children by using information location tools, a directory, index, reference, pointer, or hypertext link.

Personal information

The bill defines "personal information" as individually identifiable information about an individual collected online, including first a last name; home or other address; email address; telephone number; Social Security number; a photograph, video, or audio file containing an individual's image or likeness; geolocation information; biometric data such as fingerprints, voice prints, or facial templates; persistent identifiers like an internet protocol address; or any other information that allows for an individual to be contacted. The term excludes information used by the operator solely for providing internal operations support and certain voice data.

Individual-specific advertising

The bill prohibits an operator from collecting, using, *disclosing* to third parties, or maintaining the personal information of the child or teen for the purposes of delivering individual-specific advertising, or from allowing another person to do the same. "Individual-specific advertising" is defined as marketing a product or service in a manner directed to a specific child or teen, or a *connected device* that is linked (or reasonably linkable) to a child or teen, based

on personal information, profiling, or unique identifiers associated with a connected device. The term excludes advertising in response to a user's specific request for information, contextual advertising, and processing personal information solely for measuring or reporting advertising or content performance, reach, or frequency.

The bill defines "connected device" as a device that is capable of connecting to the internet; has computer processing capabilities for collecting, sending, receiving, or analyzing data; and is primarily designed for or marketed to consumers.

The bill defines "disclosure" either (1) releasing personal information collected from a child or teen for any purposes other than the provision of support for the internal operations of the website, online service, online application, or mobile application (see "**Collection, storage, and use of personal information**" below), or (2) making personal information collected from a child or teen publicly available in an identifiable form, including by a public posting through the internet or through the home page of a website, a pen pal service, an email service, a message board, or a chat room.

Collection, storage, and use of personal information

The bill prohibits an operator from collecting personal information from a child or teen, except when the collection is consistent with either the context of a particular transaction or service, or the relationship of the child or teen with the operator. The bill expressly preserves the ability of an operator to collect personal information that is necessary for the operator to fulfill a transaction or provide a product or service requested by the child or teen. The bill also preserves the ability of an operator to collect personal information when the operator is required or specifically authorized to do so by law.

Under the bill, an operator is prohibited from retaining the personal information of a child or teen for longer than is reasonably necessary to fulfill a transaction or provide a service requested by the child or teen, except as required or specifically authorized by law. Furthermore, the bill prohibits an operator from storing or transferring the personal information of a child or teen outside of Ohio unless the operator first provides direct notice to a parent of the child, in the case of a child, or the teen, in the case of a teen.

If an operator collects the personal information of a child or teen for the *support of the internal operations of the website, online service, online application, or mobile application*, the operator must not use or disclose that information for any other purpose. Under the bill, "support for the internal operations of a website, online service, online application, or mobile application" means activities necessary to maintain or analyze functioning, perform network communications, authenticate users, personalize content, serve contextual advertising, protect security and integrity, ensure legal or regulatory compliance, or fulfill the request of a child or teen where verifiable consent is not required. The bill specifically disallows using personal information collected for that purpose to do any of the following:

- Contact a specific individual, including through individual-specific advertising;
- Amass a profile on a specific individual;
- Encourage or prompt use of a website or online service.

Conditions of participation

The bill prohibits an operator from conditioning a child's or teen's participation in a game, a prize, or any other activity disclosing more personal information than is reasonably necessary to participate in the game, prize, or activity.

Notices

The bill also requires operators to provide clear and conspicuous notice of all of the following:

- What personal information the operator collects from children and teens;
- How the operator uses the information;
- The operator's disclosure practices for the information;
- The purposes for which the operator collects, uses, discloses, and retains the information;
- The rights and opportunities available to correct or delete the information;
- The procedures or mechanisms the operator uses to ensure compliance with the OSPTL.

Verifiable consent

Before an operator can collect, use, or disclose the personal information of a child or teen, the bill requires the operator to obtain verifiable consent from the parent of the child or from the teen. If the purpose of collecting or disclosing the data is materially different from that specified when verifiable consent was last obtained, the operator is required to obtain verifiable consent for the new purpose. The bill defines "verifiable consent" as making a reasonable effort to ensure that the user or, in this case, the user's parents receives direct notice of the personal information use, collection, and disclosure practices of the platform, and that the user or the user's parents clearly authorizes that collection, use, and disclosure before the platform collects any personal information.

Disclosures and opportunities

The bill requires an operator to provide certain disclosures and opportunities to a teen or the parent of a child, upon request and proper identification. In the case of the parent of the child, the operator must provide the following:

- A description of the specific types of personal information the operator collects from the child;
- The opportunity to delete personal information collected from or content submitted by the child;
- The opportunity to refuse to permit the operator's further collection of personal information from the child or the further use and maintenance of personal information already collected from the child;
- The opportunity to challenge the accuracy of the child's personal information and, if the parent establishes the inaccuracy of such personal information, to correct the inaccuracy;

- A means that is reasonable under the circumstances for the parent to obtain any personal information collected from the child if such personal information is available to the operator at the time the parent makes the request.

In the case of a teen, the operator must provide the following:

- A description of the specific types of personal information the operator collects from the teen, the method by which the operator obtains the personal information, and the purposes for which the operator collects, uses, discloses, and retains the personal information;
- The opportunity to delete personal information collected from or content submitted by the teen;
- The opportunity to refuse to permit the operator's further collection of personal information from the teen or the further use and maintenance of personal information already collected from the teen;
- The opportunity to challenge the accuracy of the teen's personal information and, if the teen establishes the inaccuracy of such personal information, to correct the inaccuracy;
- A means that is reasonable under the circumstances for the teen to obtain any personal information collected from the teen, if such information is available to the operator at the time the teen makes the request.

The bill permits an operator to terminate service provided to a child whose parent has refused, or a teen who has refused, to permit the operator's further collection, use, or maintenance of personal information from that child or teen, but only to the extent that the operator is incapable of providing the service without such information. In other words, an operator cannot discontinue service following such a request if it is still capable of providing the service without that collected information.

Security practices

An operator must establish, implement, and maintain reasonable security practices that will protect the confidentiality, integrity, and accessibility of personal information of children or teens collected by the operator. Furthermore, the operator must protect that personal information against unauthorized access.

Preservation of authority

An operator and its agents are shielded from penalties respecting disclosures made in good faith in response to a request made by the parent of a child or by a teen. Additionally, the bill does not prohibit an operator that knows that a user is a child or a teen from delivering advertising or marketing that is age-appropriate, so long as the operator does not use any information other than the fact that the user is a child or a teen.

Furthermore, the bill specifies that a request to delete or correct personal information does not limit the authority of a law enforcement agency to lawfully obtain any content or information from the operator, require the operator to delete information submitted by a person

other than the user trying to erase the information or content. Nor does the bill prohibit an operator from retaining a record of a deletion request and the minimum necessary information for the purposes of ensuring compliance with the request, preventing detecting, protecting against, responding to, or reporting security incidents, protecting the integrity of the operator's website or online service, or ensuring that the child or teen's personal information remains deleted.

Common verifiable consent mechanism

Under the bill, KIDS may allow operators to use a common verifiable consent mechanism that fully meets the requirements of the OSPTL. In assessing a common verifiable consent mechanism, KIDS must consider whether a single operator could use the mechanism to obtain verifiable consent from a parent of a child or teen on behalf of multiple listed operators that provide a joint or related service. In other words, once verifiable consent has been provided to a common verifiable consent mechanism, it will function as verifiable consent for all listed operators providing joint or related services who use that common mechanism. If KIDS allows the use of a common verifiable consent mechanism, the bill requires it to adopt rules which permit that use.

Self-regulatory guidelines

The bill provides that an operator may satisfy all of the requirements of the OSPTL, as well as any related rules promulgated by KIDS, by following self-regulatory guidelines issued by representatives of the marketing or online industries and approved by KIDS. After a request to approve self-regulatory guidelines, KIDS must provide, in writing, its conclusions regarding that request within 180 days.

Exemptions

The bill provides several scenarios where an operator is not required to obtain verifiable consent from a teen or the parent of a child prior to collecting personal information from that teen or child:

- Online contact information collected from a child or teen that is used only to respond directly on a one-time basis to a specific request from the child or teen; is not used to recontact the child or teen or to contact another child or teen; and is not maintained in retrievable form by the operator;
- A request for the name or online contact information of a parent or teen that is used for the sole purpose of obtaining verifiable consent and where, if verifiable consent is not obtained after a reasonable period of time, the information is not maintained in retrievable form by the operator;
- Online contact information collected from a child or teen that is used only to respond more than once directly to a specific request from the child or teen, is not used to recontact the child or teen beyond the scope of that request, if reasonable efforts are used to notify the parent or teen of the information collected and to offer the opportunity to request that the operator make no further use of the information, or in situations otherwise determined to be acceptable by the KIDS Commission.

- The name of the child or teen and online contact information to the extent reasonably necessary to protect the safety of a child or teen participant on the website, online service, online application, or mobile application if the information is only used for that purpose and opportunity is provided to request that the operator make no further use of the information.
- The collection, use, or dissemination of personal information by the operator necessary to protect the security or integrity of the operator's platform, to take precautions against liability, to respond to judicial process, and to the extent otherwise permitted by law to provide information to law enforcement agencies or for an investigation on a matter related to public safety.

Agreements with education agencies or institutions

Additionally, KIDS may adopt rules which provide that verifiable consent is not required when an operator is acting under a written agreement with an education agency or institution. In that case, the written agreement must require, at a minimum, all of the following:

- The operator to limit its collection, use, and disclosure of the personal information from a child or teen to solely educational purposes;
- The operator to provide the educational agency or institution with a notice of the specific types of personal information that the operator will collect, the method by which it will obtain that information, and the purposes for which it will collect, use, disclose, and retain the information;
- The operator to provide the educational agency or institution with a link to the operator's online notice of information practices;
- Upon request, the operator to provide to the educational agency or institution with a means to review the personal information collected from a child or teen, to prevent further use, maintenance, or future collection of a child's or teen's personal information or content submitted to the operator's website, online service, or online or mobile application;
- The representative of the educational agency or institution to acknowledge and agree that the representative has the authority to authorize the collection, use, and disclosure of personal information from children or teens on behalf of the educational agency or institution, and provide the representative's name and title at the educational agency or institution;
- The educational agency or institution to provide a notice on its website that identifies the operator with which the educational agency or institution has entered into a written agreement and a link to the operator's notice of information practices;
- Upon request, the educational agency or institution to provide the operator's notice regarding information practices to a parent, in the case of a child, or a parent or teen, in the case of a teen;

- Upon the request of a parent, in the case of a child, or a parent or teen, in the case of a teen, the educational agency or institution to provide a means to review the personal information collected from the child or teen and provide that parent or teen a means to review the personal information.

Enforcement and penalties

(R.C. 3793.04, 3793.06, and 3793.90)

Enforcement actions

Any enforcement action under the OSPTL must allege a specific violation of a statute or rule. No enforcement action or consent order may be based on practices that are alleged to be inconsistent with any guidance issued by KIDS, unless those practices also violate a statute or rule.

Penalties

KIDS may impose an administrative penalty on any operator, covered platform, online platform, or other person that KIDS determines has failed to comply with the OSPTL. The amount of the penalty is determined as follows:

- Up to $1,000 per day for the first 60 days;
- Up to $5,000 per day for day 61 to 90;
- Up to $10,000 per day for day 91 and thereafter.

However, the bill provides a grace period during which administrative penalties can be avoided. If an operator, covered platform, online platform, or other person is in substantial compliance with the OSPTL, then KIDS must provide written notice to the violator before imposing any administrative penalties. This notice must identify the specific provisions that have been violated. If, within 90 days after the date the notice is sent, the violator cures the violation and provides KIDS with written documentation that the violation has been cured and that it has taken measures sufficient to prevent future violations, then KIDS must not impose an administrative penalty.

All administrative penalties collected must be deposited into the Kids Internet and Data Safety Fund. If the administrative penalty is not paid within 90 days after it is imposed, KIDS may file a civil action in the Court of Common Pleas of Franklin County to enforce the penalty. Violators are also liable for any costs incurred by KIDS in conducting an investigation and bringing an action.

Kids Internet and Data Safety Fund

The bill creates the Kids Internet and Data Safety Fund within the state treasury. This fund consists of all administrative penalties collected for violations of the OSPTL, as well as all investment earnings of the fund. KIDS must use the money in the fund for its own expenses and for administering and enforcing the OSPTL. In addition, the Director of Behavioral Health may use any unencumbered funds to support online addiction treatment for minors, which will be administered by DBH.

Effective date

(Section 820.40)

The OSPTL takes effect July 1, 2026.

First and Fourteenth Amendment considerations

The OSPTL could be challenged under the First and Fourteenth Amendments to the U.S. Constitution. The U.S. District Court for the Southern District of Ohio enjoined enforcement of a similar Ohio law, enacted by H.B. 33 of the 135th General Assembly in 2023, that requires operators of social media websites to obtain "verifiable consent" from a parent or guardian before allowing an Ohio resident under age 16 to create an account. The court held that the H.B. 33 provisions are content-based and subject to strict scrutiny under the First Amendment. Furthermore, the court indicated that the H.B. 33 provisions could be void for vagueness under the Due Process Clause Fourteenth Amendment.[31]

Division of Unclaimed Funds

Background

The Unclaimed Funds Law (1) specifies the types of funds that are "unclaimed," (2) requires holders of such funds to report them to the COM Director, give notice to the owners or beneficiaries, and pay a portion of the funds to the Director, and (3) requires the Director annually to publish notice of the funds in the appropriate county. Unclaimed funds that are paid to the Director do not become the property of the state, but are held in the Unclaimed Funds Trust Fund until claimed by the owner.[32]

Exchanging information

(R.C. 169.061)

The bill authorizes the Director to exchange information with any state officer, board, or commission, or any political subdivision, to assist the Director in performing duties under the Unclaimed Funds Law. Such information may include records related to the notice, report, remission, and return of unclaimed funds to a rightful claimant.

Waiving the claim form

(R.C. 169.08)

Under continuing law, changed in part by the bill, the Director must pay the owner or other person who has established the right to unclaimed funds after such owner or person files a claim form with the Director.[33] The bill allows the Director to waive submission of the claim form if the claimant is listed as the owner of the funds on the report submitted to COM by the holder and the Director reasonably believes the claimant is entitled to receive payment. The bill

[31] *NetChoice, LLC v. Yost,* S.D. Ohio, No. 2:24-cv-0047, 2024 U.S. Dist. LEXIS 24129 (February 12, 2024).

[32] R.C. Chapter 169.

[33] R.C. 169.03, not in the bill.

authorizes the Director to use state tax information and information from reliable databases of the Director's choosing to assist in determining whether a claimant is entitled to payment.

Deceased owners

(R.C. 169.081)

The bill prohibits the Director from authorizing a payment from the Unclaimed Funds Trust Fund when the claimant is the representative of a deceased owner's estate, or another person related to a deceased owner's estate, unless it affirmatively appears to the Director that the payment of the unclaimed funds will go to (1) the actual heirs or legatees of the deceased owner, or (2) creditors of the deceased owner that are valid and not barred.

In addition, the bill specifies that the amount received from the Unclaimed Funds Trust Fund by a creditor for a claim relating to the administration of the deceased owner's estate must not exceed the reasonable cost of administering the estate, including court costs, administration fees, and attorney's fees. For other creditors, the amount received must not exceed the amount necessary to pay the creditor's claim, excluding any claim or portion of a claim that is not in existence on the date of the owner's death.

This deceased owner provisions apply to claims filed and pending on and after the bill's 90-day effective date.

Penalties for failing to report, pay, or deliver funds

(R.C. 169.12)

Under current law, a holder of unclaimed funds is subject to a $100-per-day civil penalty for knowingly failing to report unclaimed funds to COM. An additional $100-per-day penalty applies if the holder fails to report the unclaimed funds within four months after receiving a request from the Director. If the unclaimed funds are not timely paid, interest applies at either the best available, nonnegotiable, retail time deposit base rate offered by the holder, if the holder is a financial institution, or, otherwise, at the best available six-month treasury bill rate offered in the calendar year preceding discovery of the violation. Furthermore, a civil penalty of 1% of the unpaid amount applies each month, for up to 25 months.

The bill instead imposes 3% annual interest on unclaimed funds that are not timely reported, paid, or delivered to COM. An additional $100-per-day civil penalty, up to $10,000, applies if the holder fails to report, pay, or deliver the unclaimed funds within four months after the date required by law.

Under continuing law, the Director may waive the civil penalties for good cause and is required to waive them upon a showing that a holder had reasonable grounds for not complying with the Unclaimed Funds Law. The bill also permits the Director to waive interest upon a showing of good cause.

The bill eliminates the current law requirement that the value of unclaimed funds that are intangible property, for the purpose of determining the amount of interest and penalties, be determined based on the market value as of the date for reporting and payment or, if no market value is determinable, on the basis used by the Department of Taxation.

Other penalties

(R.C. 169.99)

Under current law, a person who knowingly violates the Unclaimed Funds Law is subject to a fine of not more than $500. The bill specifies that the fine is $500 per offense. Furthermore, the bill provides that the fine is in lieu of, not in addition to, the penalties and interest described above for failing to timely report, pay, or deliver unclaimed funds. The bill permits the Director to waive the penalty if the Director finds that the person fined acted in good faith and without negligence.

Additionally, the bill provides that a person who files a fraudulent unclaimed funds report may be required by the Director to pay either or both of the following:

- $500 per day, from the date the report is filed to the date the report is corrected, up to a maximum of $25,000;
- 25% of the amount or value of any funds, property, or both, that was fraudulently reported.

The penalties for filing a fraudulent report are in addition to the penalties and interest described above for failing to timely report, pay, or deliver unclaimed funds.

Division of Liquor Control

Spirituous liquor sales

(R.C. 4301.19)

Current law allows the Division of Liquor Control to be the sole distributor and retail seller of spirituous liquor in Ohio. It distributes spirituous liquor through warehouses across Ohio and sells spirituous liquor at retail via agency stores. The bill clarifies that the Division also has authority to sell spirituous liquor from A-3a liquor permit premises (micro-distilleries, see below) because, under current law, those permit holders sell spirituous liquor that the permit holder manufactures under contract with the Division.

Liquor permit fees

D-7 liquor permit fee

(R.C. 4303.183)

Current law establishes the D-7 liquor permit fee (resort areas, see below) at $469 per month for six months (length of the resort season). The bill stipulates that the fee is $2,814 for the six months. There is no change in the fee since $469 x 6 months = $2,814.

F-4 liquor permit fee

(R.C. 4303.204)

For purposes of the current $60 per-day fee required to obtain an F-4 liquor permit (Ohio wine festival, see below), which is issued for one to three days depending on the length of the festival, the bill does the following:

1. If the festival is one day, increases the fee from $60 for the day to a flat fee of $180;

2. If the festival is two days, increases the fee from $120 for two days to a flat fee of $180;

3. If the festival is three days, retains the $180 fee.

F-11 liquor permit fee

(R.C. 4303.2011)

The bill makes similar changes to the F-11 liquor permit as it does for the F-4 permit described above. For purposes of the current $60 per-day fee required to obtain an F-11 permit (Ohio craft beer festival, see below), which is issued for one to three days dependent on the length of the festival, the bill does the following:

1. If the festival is one day, increases the fee from $60 for the day to a flat fee of $180;

2. If the festival is two days, increases the fee from $120 for two days to a flat fee of $180;

3. If the festival is three days, retains the $180 fee.

Under continuing law, the 3-day limitation does not apply to an exposition at the Ohio State Fairgrounds.

H liquor permit fee

(R.C. 4301.12 and 4301.30)

The bill transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the existing Undivided Liquor Permit Fund to the existing State Liquor Regulatory Fund. Under current law, the Undivided Liquor Permit Fund is used for the following:

1. To fund alcohol treatment programs;

2. To fund local governments in which liquor permit premises are located; and

3. To be credited to the existing State Liquor Regulatory Fund, which is used to fund the Division of Liquor Control's operating expenses.

Under current law, the State Liquor Regulatory Fund consists of liquor permit fees from B-2a, S-1, and S-2 permits paid by B-2a, S-1, and S-2 permit holders that do not also hold A-1 or A-1c permits or A-2 or A-2f permits (see below).

S-2 liquor permit renewal fee

(R.C. 4303.233)

The bill increases from $100 to $250 the fee for the renewal of an S-2 liquor permit (large winery, see below), thus making the amount of the renewal fee equal to the $250 fee for an initial S-2 liquor permit.

Background

Below is a list of permits referenced above, along with a description of the authorized activity under the permit.

Types of liquor permits	
Class of liquor permit	**Authorized activity**
A-1	Large brewery may sell its beer for on- or off-premises consumption.
A-1-A	Brewery, winery, or distillery may sell beer and any intoxicating liquor by glass or from a container; a brewery may sell beer for off-premises consumption.
A-1c	Craft brewery may sell its beer for on- or off-premises consumption.
A-2	Winery may sell wine to personal consumers for on- or off-premises consumption and to wholesalers.
A-2f	Farm winery (same authorized activity as a winery, but winery grows grapes and other agricultural products).
A-3a	Micro-distillery (less than 100,000 gallons a year) may sell to personal consumers a specified amount of spirituous liquor.
B-2a	Wine manufacturer may sell to retail liquor permit holders only wine it manufactures and for which a territory designation has not been filed with the state.
D-7	A restaurant or bar located in a resort area may sell beer or intoxicating liquor for on-premises consumption.
F-4	An Ohio wine festival organizer may give away 2 oz. samples of Ohio wine or sell individual glasses of wine for on-premises consumption and A-2 permit holder may sell bottles for off-premises consumption.
F-11	An Ohio craft beer festival organizer may sell 4 oz. samples or up to 16 oz. containers of craft beer for on-premises consumption.
H	Transporter or deliverer may transport or deliver beer and intoxicating liquor (not required for manufacturers or distributors).
S-1	Small brewery or small winery may sell their beer or wine directly to a personal consumer.

Types of liquor permits	
Class of liquor permit	**Authorized activity**
S-2	Large winery may sell their wine to a personal consumer either directly or through a fulfillment warehouse.

CONTROLLING BOARD

Release of funds for capital projects

- Removes the requirement that the Controlling Board or the OBM Director release money appropriated to state agencies for capital projects.

Release of funds for capital projects

(R.C. 126.14, 123.211, 126.141, 3333.071, and 5123.36)

The bill eliminates the requirement that the Controlling Board or the OBM Director release money appropriated to state agencies for capital projects. Accordingly, it also eliminates all related administrative procedures. Controlling Board approval still is required before real estate may be purchased, however.

OHIO DEAF AND BLIND EDUCATION SERVICES

High school diploma requirements

- Permits a student enrolled in the State School for the Blind or State School for the Deaf to qualify for a high school diploma by completing the curriculum of any high school in lieu of completing the student's individualized education program (IEP).

Expense funds investment earnings

- Requires investment earnings on money in the educational program expense funds of the State School for the Deaf and the State School for the Blind be credited to the funds.

High school diploma requirements

(R.C. 3325.08)

To qualify for a high school diploma under continuing law, a student enrolled in the State School for the Deaf or the State School for the Blind must complete the student's individualized education program (IEP) and complete the other high school graduation requirements established for public school students.

Under the bill, in lieu of completing an IEP to qualify for a diploma, a student may complete the curriculum of any high school.

Expense funds investment earnings

(R.C. 3325.16 and 3325.17)

The bill requires that all investment earnings on money in the State School for the Deaf and State School for the Blind educational program expenses funds to be credited to the respective fund.

STATE BOARD OF DEPOSIT

Public depositories

- Specifies that a financial institution must have a banking office in Ohio to serve as a public depository.

Uniform Depository Act

- Specifies that custodial funds that are not part of the state treasury are active deposits for the purposes of the Uniform Depository Act.
- Adds paper checks to the definition of a warrant clearance account.

Financial transaction devices

Definitions

- Redefines "financial transaction device" (FTD) and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.
- Defines "processor" as an entity conducting the settlement of an electronic payment or transfer of funds denominated in U.S. dollars.
- Expands "state entity" to include an officer under the authority of a state elected official, and to include entities that deposit funds into an account in the custody of the Treasurer of State.

Resolution

- Requires, instead of permits, the Board of Deposit to adopt a resolution authorizing the acceptance of payments by FTD to pay for state expenses, and eliminates certain mandatory content for such resolutions.
- Specifies that the Board's resolution applies to FTD services related to bank accounts comprising the state treasury and those in the custody of the Treasurer of State that are not part of the state treasury.
- Eliminates the Board's duty to send a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD.
- Eliminates the provision stating that a state entity under the authority of a state elected official that is directly responsible or collecting state expenses is not required to accept payments by FTD, notwithstanding the resolution adopted if the state elected official determines not to accept payments by FTD.
- Eliminates the requirement that each state elected official or state entity provide written notice to the Board's administrative agent, upon the official's or entity's receipt of the Board's resolution and before accepting payments by FTD, of the official's or entity's intent to implement the Board's resolution.

Administrative agent

- Removes the requirement that the Board's administrative agent must request proposals from at least three financial institutions, issuers of FTDs, or processors of FTDs.
- Requires the Board's administrative agent to request proposals for acceptance, processing, and settlement services pursuant to the Board's resolution.
- Requires the Board's administrative agent to publish electronic public notices regarding requests for proposals on the agent's website instead of a state agency website.
- Increases from ten to 15 calendar days the minimum amount of time, after the initial publication of an administrative agent's request for proposals, after which the request for proposals will be available.
- Eliminates the requirement that the administrative agent send via email the request for proposals to financial institutions, issuers, or processors interested in receiving the request.
- Eliminates the requirement that the administrative agent's notice require that a financial institution, issuer, or processor submit written notice of its interest in the request for proposals.
- Eliminates the Board's duty to review all submitted proposals.
- Permits the Board to authorize an administrative agent to contract, on the Board's behalf, with processors submitting proposals, and permits the agent to enter into one or more contracts for acceptance, processing, and settlement services for state entities and state elected officials.
- Requires the Board's administrative agent to provide notice to a processor when the processor's proposal is rejected.

Surcharges and convenience fees

- Expands, from the Board to state elected officials and state entities, the parties permitted to establish a surcharge or convenience fee on a person making payment by FTD.
- Eliminates the prohibition on surcharge or convenience fees that are not authorized by contract.
- Eliminates the requirement that every state entity accepting payment by FTD post a notice in the entity's office when a surcharge or convenience fee is imposed.
- Eliminates the requirement that a notice that a surcharge or convenience fee is imposed contain a clear statement that a surcharge or convenience fee is nonrefundable.
- Eliminates the provision stating that surcharge or convenience fees are nonrefundable.

Limitation of liability

- Excludes state entities from personal liability immunity and extends personal liability immunity to state elected officials and employees of a state entity or state elected official.

Public depositories

(R.C. 135.03)

Under Ohio's Uniform Depository Act[34] only eligible financial institutions may hold public deposits. Eligible financial institutions, such as banks, savings associations, savings and loan associations, and savings banks may apply to the State Board of Deposit to serve as a depository of public funds. If selected by the Board, the financial institution is authorized to hold the public funds for a designated period of time.

Current law requires public depositories to be "located in" Ohio. The bill instead specifies that a public depository must have a banking office located in Ohio. Under continuing law, "banking office" means an office or other place established by a bank at which the bank receives money or its equivalent from the public for deposit and conducts a general banking business. "Banking office" does not include any of the following:

1. Any location at which a bank receives, but does not accept, cash or other items for subsequent deposit, such as by mail or armored car service or at a lock box or night depository;

2. Any structure located within 500 yards of an approved banking office of a bank and operated as an extension of the services of the banking office;

3. Any automated teller machine (ATM), remote service unit, or other money transmission device owned, leased, or operated by a bank;

4. Any facility located within the geographical limits of a military installation at which a bank only accepts deposits and cashes checks;

5. Any location at which a bank takes and processes applications for loans and may disburse loan proceeds, but does not accept deposits;

6. Any location at which a bank is engaged solely in providing administrative support services for its own operations or for other depository institutions.[35]

Uniform Depository Act

(R.C. 135.01)

Under the Uniform Depository Act, "active deposit" means a public deposit necessary to meet current demands on the treasury. The bill expands this definition to also include public deposits necessary to meet current demands on a fund that is in the custody of the Treasurer of State but not part of the state treasury.

Additionally, the bill expands the definition of "warrant clearance account" to include accounts established by the Treasurer of State for the deposit of active state moneys for the purposes of clearing state paper checks through the banking system.

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[34] R.C. Chapter 135.

[35] R.C. 135.03 and 1101.01, not in the bill.

Financial transaction devices

(R.C. 113.40)

Definitions

The bill changes the definition of the defined term "financial transaction device" (FTD) to exclude specific references to certain automated clearinghouse network entries and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.

The bill adds "processor" as "an entity conducting the settlement of an electronic payment or transfer of funds, which shall be denominated in United States dollars."

The bill expands "state entity" to include an officer under the authority of a state elected official, and entities that deposit funds into an account in the custody of the Treasurer of State (TOS).

Finally, the bill makes conforming changes throughout the section to reflect the modifications to the defined terms.

Board of Deposit

The Board of Deposit is organized under the TOS's office and is charged with certain duties related to the acceptance of payments made by FTD to pay for state expenses. The bill makes several changes to the Board's duties, as well as to those of the Board's administrative agent.

Resolution

The bill requires, rather than permits, the Board to adopt a resolution authorizing the acceptance of payments by FTD to pay for state expenses, and eliminates the following content for such resolutions that is required under existing law:

- A designation of state elected officials and state entities authorized to accept payments by FTD;
- A list of state expenses that may be paid by the use of a FTD;
- Specific identification of FTDs that a state elected official or state entity may authorize as acceptable means of payment;
- The amount authorized as a surcharge or convenience fee for persons using a FTD;
- A specific requirement for the payment of a penalty if a payment made by means of a FTD is returned or dishonored.

The bill adds language specifying that the resolution applies to FTD services related to all bank accounts comprising the state treasury, as well as those in the custody of the TOS that are not part of the state treasury. The bill eliminates the Board's duty to transmit a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD, as well as the requirement that state elected officials and state entities provide a written notice of intent to adopt the Board's resolution to the Board's administrative agent.

Under existing law, if a state entity under the authority of a state elected official is directly responsible for collecting state expenses, and the state elected official determines not to accept payments by FTD, the entity is not required to accept payments by FTD notwithstanding the Board's resolution. The bill eliminates this provision, removing a state elected official's discretion to reject payments by FTD by a state entity under the official's authority.

Administrative agent

Under continuing law, the TOS serves as the Board's administrative agent to solicit proposals. The bill specifies that the proposals solicited must be for "financial transaction device services." Under existing law, the administrative agent must request proposals from at least three financial institutions, issuers of financial transaction devices, or processors of financial transactions devices. The bill eliminates the three-requests requirement and adds language specifying that the request for proposals be "for acceptance, processing, and settlement services."

Under the bill, the administrative agent must publish an electronic notice regarding requests for proposals on the agent's website instead of on a state agency website as required under existing law. The bill increases, from ten to 15 days, the minimum amount of time after the initial publication of the request for proposals after which the request for proposals will be available. It also eliminates the administrative agent's duty to email the request for proposals to financial institutions, issuers, or processors.

Under existing law, the Board itself, after reviewing all submitted proposals and considering its administrative agent's recommendation, may choose to contract with processors and must provide notice to a processor when the processor's proposal is rejected. The bill transfers the authority to contract to the administrative agent, as well as the duty to notify a processor of a rejected proposal, and eliminates the Board's duty to review all submitted proposals.

Surcharges and convenience fees

The bill transfers the authority to establish surcharge and convenience fees on a person making payment by FTD from the Board to state elected officials and state entities. The bill expands the state's ability to impose surcharge and convenience fees on persons making payment by FTD by eliminating the requirement that the authority to impose such fees be provided for under contract.

Under continuing law, when a surcharge or convenience fee is imposed, state entities must notify each person making payment about the surcharge or fee. The bill eliminates the requirement that every state entity accepting payment by a FTD post a notice in the entity's office when a surcharge or convenience fee is imposed. The bill eliminates existing language stating that surcharge and convenience fees are not refundable and eliminates the requirement that each notice contain a statement that the surcharge or fee is nonrefundable.

Limitation of liability

Existing law provides personal liability immunity to state entities and employees for the final collection of FTD payments. The bill eliminates this immunity for state entities and extends

it to state elected officials. The bill adds language specifying that the employees covered under this immunity are those employed by "a state entity or state elected official."

DEPARTMENT OF DEVELOPMENT

Residential Broadband Expansion Program scoring system

- Modifies the application scoring system for the Ohio Residential Broadband Expansion Program.

State private activity bond ceiling and fund

- Grants the Department of Development (DEV) authority to allocate Ohio's volume ceiling on state private activity bonds established under federal income tax law.
- Requires DEV to adopt rules governing the administration of the volume ceiling, including an allocation formula.
- Establishes a custodial fund consisting of fees paid by issuers receiving volume ceiling allocations to pay DEV's costs in administering Ohio's volume ceiling.

Custodial funds

- Creates the Automated Clearing House Payments Fund consisting of regular loan repayments and fees by ACH transfer for loans made from loan programs administered by the DEV Director.
- Creates the Enterprise Bond Retirement Fund consisting of repayments, fees, and other money attributable to loans made by the DEV Director from the Facilities Establishment Fund.
- Creates the Regional Loan Escrow Fund consisting of all grants, gifts, contributions, and other money designated for or deposited in the fund, and all repayments, fees, and other money attributable to loans made under the Regional 166 Loan Program.
- Eliminates the Mortgage Insurance Fund and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- Eliminates the Mortgage Guarantee Fund.
- Eliminates the DEV Director's Purchase Fund.
- Eliminates sinking fund requirements for certain funds received by the DEV Director.

Residential Broadband Expansion Program scoring system

(R.C. 122.4041)

The bill makes changes to the scoring system used for applications submitted under the Ohio Residential Broadband Expansion Program. Specifically, the 300-point maximum score for eligible projects for unserved and underserved areas is to be calculated as follows:

- One-half point for each residential address in unserved areas of the application;

- One-quarter point for each residential address in underserved areas of the application.

Under current law, the 300-point maximum score for eligible projects for unserved/underserved areas is to be calculated as the sum of:

- The product of 300 multiplied by the percentage of "passes" in unserved areas of the application;
- One half of the product of 300 multiplied by the percentage of passes in underserved areas of the application.

Current law defines "passes" as the residential addresses in close proximity to a broadband provider's broadband infrastructure network to which residents at those addresses may opt to connect. The bill repeals this definition as it is no longer needed with the bill's amendments to those provisions.

State private activity bond ceiling and fund

(R.C. 122.97)

The bill grants DEV the authority to allocate Ohio's volume ceiling on the aggregate amount of state private activity bonds issued as provided under federal law. Private activity bonds are issued by or on behalf of a state or local government for the purpose of providing special financial benefits for qualified projects. If the bonds meet specific criteria the interest earned may be tax-exempt. Federal law establishes the ceiling applicable for each state and grants states authority to allocate the ceiling among issuing authorities in the state.[36]

The bill requires DEV to adopt rules under the Administrative Procedure Act (R.C. Chapter 119) that do the following:

- Provide a formula for allocating the volume ceiling, as authorized by federal law;
- Authorize procedures to administer those allocations;
- Impose fees on persons to which the allocations are issued;
- Establish any other requirements, processes, or procedures to administer the volume ceiling.

The bill creates the Development Volume Cap Fund as a custodial fund consisting of all fees paid by issuers receiving volume ceiling allocations. The fund pays DEV's costs in administering ceiling allocations. The Treasurer of State must disburse money from the fund on DEV's order. All interest and investment income earned by the fund must be deposited into the fund.

[36] 26 U.S.C. 141 and 146(d) and (e).

Custodial funds

(R.C. 166.36, 166.37, and 166.38, enacted; R.C. 122.451, 122.55, 122.56, 122.561, and 122.57, repealed; and R.C. 122.41, 122.42, 122.47, 122.49, 122.53, 122.571, 122.59, 165.04, 166.03, 166.08, 169.01, and 169.05 (conforming changes))

The bill creates three custodial funds, meaning the funds are held in the custody of the Treasurer of State but are not part of the state treasury. The new Automated Clearing House Payments Fund will consist of regular loan repayments and fees by ACH transfer for loans made from loan programs administered by the DEV Director; the Director has discretion to transfer money from this fund to the new Enterprise Bond Retirement Fund (also created under the bill) or to any fund within the state treasury. The new Enterprise Bond Retirement Fund will consist of repayments, fees, and other money attributable to loans made by the DEV Director from the Facilities Establishment Fund; the Director has discretion to transfer money from the fund to any fund related to certain economic development programs or to any fund in the state treasury. And finally, the new Regional Loan Escrow Fund will consist of all grants, gifts, contributions, and other money designated for or deposited in the fund, and all repayments, fees, and other money attributable to loans made under the Regional 166 Loan Program; the Director has discretion to release money in the fund for purposes of making loans related to certain economic development programs. Each fund retains all interest and investment income earned by the fund.

The bill eliminates the following funds:

- The Mortgage Insurance Fund, and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- The Mortgage Guarantee Fund, used for a variety of guaranty programs.
- The DEV Director's Purchase Fund, used for purchasing or improving certain properties.

The bill also eliminates sinking fund requirements for certain funds received by the DEV Director: payments of principal of and interest on the loans made by the Director, all rentals received under leases made by the Director, and all proceeds of the sale or other disposition of property held by the Director.

DEPARTMENT OF DEVELOPMENTAL DISABILITIES

Supported decision-making plans

- Establishes a presumption that all adults with developmental disabilities are capable of making their own decisions and are competent to handle their own affairs unless otherwise determined by a court.
- Provides for the establishment of supported decision-making plans between an adult with developmental disabilities (the principal) and one or more supporters.
- Clarifies that evidence of a supported decision-making plan is an alternative to guardianship.
- Imposes duties on the Department of Developmental Disabilities regarding supported decision-making plans.

Supported living

Guardianship and supported living

- Prohibits the guardian of an individual with developmental disabilities, or a supported living certificate holder owned or operated by the guardian, from providing supported living to that individual unless related by blood, adoption, or marriage.

Proof of residency for applicant for employment or supported living certificate

- Regarding the requirement that an applicant for employment with the Department or a county board or an applicant for a supported living certificate provide the Department with proof of residency, eliminates the requirement that the applicant's statement regarding residency be notarized.

Termination of supported living certificate

- Requires, rather than permits, the Director of Developmental Disabilities to terminate a supported living certificate if the certificate holder does not bill the Department for supported living services for 24 consecutive months.
- Specifies that the Department's action to terminate a supported living certificate is accomplished by sending a notice to the certificate holder by regular mail explaining its action.

Health-related activities

Developmental disabilities personnel – medication administration and other health-related activities

- Specifically authorizes developmental disabilities personnel to administer prescribed epinephrine intranasally to treat anaphylaxis, without nursing delegation and without a medication administration certificate.

- Authorizes developmental disabilities personnel, with nursing delegation, to administer to recipients of early intervention, preschool, and school-age services prescribed medications for the treatment of metabolic glycemic disorders through subcutaneous injections.
- Replaces statutory references to **vagal nerve stimulators** with references to **vagus nerve stimulators**.
- Requires developmental disabilities personnel to successfully complete training as a condition of administering topical over-the-counter medications as permitted under continuing law.

Family member authority to administer medications and perform health-related activities

- Authorizes certain family members of an individual with a developmental disability to administer medications to, and perform health-related tasks for, the individual without holding a medication administration certificate and without nursing delegation.

In-home care workers and health care tasks

- Establishes an additional condition on the authority of a family member to authorize an unlicensed in-home care worker to perform health care tasks for an individual with a developmental disability –that the family member is not acting as a paid provider for the individual.
- Eliminates the requirements that the unlicensed in-home worker provide care through employment or another arrangement with the family member and is not otherwise employed to provide services to individuals with developmental disabilities.
- Requires an unlicensed in-home worker to accept the written document in which the family member authorizes the worker to perform health-related tasks before the worker may perform them.
- Requires a county board of developmental disabilities to authorize appropriately credentialed providers to perform health care tasks for an individual with a developmental disability, rather than an in-home worker, when it determines that the individual's family member acted inappropriately.

Intermediate care facilities for individuals with developmental disabilities (ICFs/IID)

ICF/IID professional workforce development payment

- For FY 2026, specifies that the professional workforce development payment component of an ICF/IID's per Medicaid day payment rate equals 10.405% of an ICF/IID's desk-reviewed, actual, allowable, per Medicaid day direct care costs from the applicable cost report year.

Nonfederal share of Medicaid expenditures for state-operated ICF/IID services

- Requires the Director to annually establish a methodology for determining the amount to be collected from a county board that is required to pay the nonfederal share of Medicaid expenditures for an individual committed to a state-operated ICF/IID.
- Eliminates a provision of law that exempts a county board from paying the nonfederal share of Medicaid expenditures, if the county board arranges for the provision of alternative services for an individual within 180 days of the individual being committed to the ICF/IID.
- Clarifies that the Director may grant a waiver to a county board for either a portion or full amount of the estimated nonfederal share that a county board would otherwise be responsible for.

County share of nonfederal Medicaid expenditures

- Requires the Director to establish a methodology to estimate in FY 2026 and FY 2027 the quarterly amount each county board of developmental disabilities is to pay of the nonfederal share of its Medicaid expenditures.

Withholding of funds owed to the Department

- Permits the Director to withhold funds owed to a county board by the Department if the county board failed to pay any amount owed to the Department by a due date established by the Department.

Innovative pilot projects

- Permits the Director to authorize, in FY 2026 and FY 2027, innovative pilot projects that are likely to assist in promoting the objectives of state law governing the Department and county boards.

Medicaid rates for homemaker/personal care services

- For 12 months, requires the Medicaid rate for each 15 minutes of routine homemaker/personal care services provided to a qualifying enrollee in the Individual Options Medicaid waiver program be 52¢ higher than the rate for services to an enrollee who is not a qualifying enrollee.

Certified mail requirements

- Specifies that if the Director issues an adjudication order against an individual or entity seeking or holding a supported living certificate, the Director must provide written notice of the order, rather than notice by certified mail.
- Specifies that following the completion of a written report and recommendation following proceedings related to denying or revoking a residential facility's license, the report and recommendations must be provided to the licensee, rather than being provided by certified mail.

Community developmental disabilities trust fund

- Abolishes the community developmental disabilities trust fund.

Supported decision-making plan

(R.C. 5123.68, 5123.681, 5123.682, 5123.683, 5123.684, 5123.685, and 5123.686)

Presumption of capacity and competency

The bill specifies that, based on the principle that all adults with developmental disabilities should be afforded all of the rights established in the Revised Code for individuals with developmental disabilities, all adults with developmental disabilities are presumed capable of making decisions about their lives and activities of daily living and are competent to handle their own affairs, unless otherwise determined by a court.

The bill clarifies that the fact an adult has a developmental disability does not, by itself, void the presumption of capacity and competency.

Supported decision-making plans

The bill defines a supported decision-making plan as a plan between an adult with a developmental disability (known as the principal) and one or more supporters chosen by the adult. Supported decision-making is the process of supporting and accommodating an adult with a developmental disability who is making, communicating, or implementing the adult's own life decisions without impeding the adult's self-determination. A supported decision-making plan may be created at the request and with the active participation of the principal. The plan may be formal, recorded in writing, or informal, created when the principal relies on natural supports or chosen supporters to assist with decisions in the principal's daily life.

A written supported decision-making plan must be signed and acknowledged by the principal voluntarily, without coercion or undue influence. The principal's signature must be witnessed by either a notary public or two adult witnesses who are not parties to the plan. The witnesses must attest that the plan was signed of the principal's own free will.

The bill prohibits an adult with a developmental disability from being required to enter into a supported decision-making plan. Further, the manner in which an adult with a developmental disability communicates with others is not grounds to find the adult is not capable of managing the adult's affairs or of entering into a supported decision-making plan.

Role of the supporter

Subject to the principal's choice to act independently or limit a supporter's role, a supporter may assist the principal with all of the following activities:

- Understanding information, options, responsibilities, and consequences associated with decision making;
- Communicating decisions to third parties;

- Obtaining and understanding information relevant to life decisions, including medical, psychological, financial, employment, Medicaid, educational, or other records;
- Monitoring information about the principal's affairs and services, including future services;
- Understanding the principal's personal values, beliefs, and preferences, including the principal's cultural, ethnic, or religious heritage and using this information to advocate for the principal's own personal wishes and decisions;
- Accompanying the principal to and participating in discussions with third parties.

The supporter may take any actions permitted by the principal in the supported decision-making plan. The supporter must help the principal access, collect, or obtain any information relevant to a decision authorized under the supported decision-making plan; however, the principal is not precluded from seeking personal information without the supporter's assistance. If the supporter assists the principal in accessing personal information protected by federal law, the supporter must keep that information confidential. The bill clarifies that it does not prohibit a third party from requiring the principal to execute a release of information or other document to confirm the supported decision-making plan's continued validity, or the supporter's continued authorization under the plan.

Fiduciary duty

The supporter owes the principal a fiduciary duty to act in accordance with the plan and must not act in contradiction to the supporter's expressed wishes.

In the event a supporter has a conflict of interest or potential conflict of interest regarding a decision made by the principal, the supporter must:

- Fully disclose the conflict of interest to the principal and any other members of the principal's support team;
- Refrain from advising or assisting the principal with the decision.

If a supporter intentionally fails to disclose a conflict of interest, or otherwise breaches the fiduciary duty to the principal, the supporter is liable for all reasonable damages incurred as a result.

Immunity

A person who acts in good faith while relying on a supported decision-making plan is not liable for damages in a civil action and is not subject to criminal prosecution or professional discipline in the absence of actual knowledge that either (1) the plan has been modified or ended, or (2) the principal has not authorized the supporter to engage in the specific action taken.

Modifying or ending a supported decision-making plan

A principal may modify or end a formal or informal supported decision-making plan at any time by notifying the supporter. The principal may modify or end a supported decision-making plan in writing and provide a copy of the written notice to the supporter.

Alternative to guardianship

Supported decision-making plans, whether formal or informal, may be presented to a probate court as a less restrictive alternative to guardianship under existing law that requires a probate court to consider less restrictive alternatives when guardianship has been requested.

Execution of a supported decision-making plan is not evidence of incapacity and cannot be considered as such. The principal retains the ability to act independently of the plan and supporters, including when seeking personal information without assistance. The principal's choice to do so is not evidence of incapacity and cannot be used as such.

Department of Developmental Disabilities duties

The bill requires the Department to create a model written supported decision-making plan that can be used by a principal and one or more supporters.

Additionally, the Department must create informational materials about formal and informal supported decision-making plans intended for use by (1) adults with developmental disabilities, (2) their family members, (3) professionals likely to encounter supported decision-making plans, including social, medical, and financial service professionals, and (4) the general public.

Supported living

Guardianship and supported living

(R.C. 5123.16 and 5123.1613)

The bill prohibits a guardian of an individual with a developmental disability from providing supported living to that individual either as an independent contractor or as an employee or contractor of a supported living certificate holder unless the guardian and the individual have a relationship by blood, adoption, or marriage. Supported living includes services provided to a person with a developmental disability that increase the person's quality of life such as providing support to live in the person's chosen residence, encouraging community participation, and promoting the person's rights and autonomy.

The bill also applies that prohibition to a supported living certificate holder owned or operated by the guardian, unless the guardian is related by blood, adoption, or marriage.

Proof of residency for applicant for employment or supported living certificate

(R.C. 5123.081 and 5123.169)

The bill eliminates a requirement that an applicant for employment with the Department or a county board of developmental disabilities provide the Department or county board with a notarized statement asserting that the applicant has been a resident of Ohio for the five-year period immediately preceding the date on which a criminal records check is requested, and instead requires only that an applicant provide such a statement to the Department or county board. The bill eliminates an identical requirement for applicants seeking a supported living certificate issued by the Department.

Termination of supported living certificate

- Requires, rather than permits, the Director of Developmental Disabilities to terminate a supported living certificate if the certificate holder does not bill the Department for supported living services for 24 consecutive months.
- Specifies that the Department's action to terminate a supported living certificate is accomplished by sending a notice to the certificate holder by regular mail explaining its action.

Health-related activities

Developmental disabilities personnel – medication administration and other health-related activities

(R.C. 5123.42)

The bill makes several changes to the law governing the administration of medications and the performance of health-related activities by developmental disabilities personnel, defined by current law as employees and contract workers who provide specialized services to individuals with disabilities.

The bill specifically authorizes developmental disabilities personnel to administer prescribed epinephrine intranasally for the treatment of anaphylaxis. Personnel may do so without both of the following: (1) nursing delegation and (2) a medication administration certificate issued by the Department. Note that the bill maintains existing law provisions authorizing personnel to administer epinephrine by autoinjector, also without nursing delegation and a certificate. Nursing delegation is when a registered nurse or licensed practical nurse acting at the direction of a registered nurse transfers the performance of a particular nursing activity or task to another person who is not otherwise authorized to perform the activity or task.

The bill further permits developmental disabilities personnel, with nursing delegation, to administer to recipients of early intervention, preschool, and school-age services prescribed medications for the treatment of metabolic glycemic disorders through subcutaneous injections.

The bill replaces statutory references to **vagal nerve stimulators** with references to **vagus nerve stimulators**. It also requires developmental disabilities personnel to successfully complete training courses as well as training specific to the individuals to whom the medication will be administered as a condition of administering topical over-the-counter medications as permitted under continuing law.

Family member authority to administer medications and perform health-related activities

(R.C. 5123.41 and 5121.423 (primary))

The bill specifically authorizes a family member of an individual with a developmental disability to administer medications to, and perform health-related tasks for, the individual. In exercising this authority, the family member is not required to hold a medication administration certificate issued by the Department and may administer the medications without nursing delegation. Note that current law defines family law member to mean a parent, sibling, spouse,

son, daughter, grandparent, aunt, uncle, cousin, or guardian of an individual with a developmental disability, if the individual lives with the family member and depends on the family member's supports.

In-home care workers and health care tasks

(R.C. 5123.41 and 5123.47 (primary))

The bill revises the law governing the authority of a family member of an individual with a developmental disability to permit an unlicensed in-home worker to perform health care tasks for the individual. First, it establishes an additional condition on a family member's authority: that the family member is not acting as a paid provider for the individual. It also eliminates the existing law condition that the worker provide care through employment or another arrangement with the family member and is not otherwise employed to provide services to individuals with developmental disabilities.

The bill requires an unlicensed in-home worker to accept the written document in which the family member authorizes the worker to perform health-related tasks before the worker may perform those tasks.

The bill further requires a county board of developmental disabilities to authorize appropriately licensed or certified providers to perform health care tasks for an individual with developmental disabilities, rather than an in-home worker, when the county board determines that the individual's family member, when authorizing the in-home worker's care, acted in a manner inappropriate for the individual's health and safety.

The bill also makes changes to current law definitions. First, it specifies than an **unlicensed in-home care worker** is self-employed and does not employ, either directly or through contract, another person to provide in-home care. In the **health care task** definition, it removes its reference to a task delegated by a health care professional and eliminates references to the specific tasks, other than medication administration, that are included in the definition.

Intermediate care facilities for individuals with developmental disabilities (ICFs/IID)

ICF/IID professional workforce development payment

(R.C. 5124.15; Section 261.140)

In 2023, H.B. 33 of the 135th General Assembly established a professional workforce development payment to be included in the Medicaid day payment rate that is provided to each ICF/IID. For FY 2026, the bill specifies that the professional workforce development payment component of the ICF/IID per Medicaid day payment rate is 10.405% (decreased from 13.55% in FY 2024 and 20.81% in FY 2025) of the ICF/IID's desk-reviewed, actual, allowable, per Medicaid day direct care costs from the applicable cost report year.

Nonfederal share of Medicaid expenditures for state-operated ICF/IID services

(R.C. 5123.38)

The bill requires the Director to annually establish a methodology for determining the amount to be collected from a county board of developmental disabilities that is required under continuing law to pay the estimated nonfederal share of Medicaid expenditures for an individual committed to a state-operated ICF/IID. The bill eliminates a provision of law that exempts a county board from responsibility for the estimated nonfederal share of Medicaid expenditures if the county board arranges for the provision of alternative services for the individual within 180 days of the individual being committed to the state-operated ICF/IID. Under continuing law, a county board is not responsible for the nonfederal share of Medicaid expenditures if the Director grants the county board a waiver in an individual's case. The bill clarifies that the waiver may apply to either the full amount or a portion of the estimated nonfederal share of Medicaid expenditures for an individual.

County share of nonfederal Medicaid expenditures

(Section 261.100)

The bill requires the director to establish a methodology to estimate in FY 2026 and FY 2027 the quarterly amount each county board of developmental disabilities is to pay of the nonfederal share of the Medicaid expenditures for which the board is responsible. With certain exceptions, continuing law requires the board to pay this share for waiver services provided to an eligible individual. Each quarter, the Director must submit to the board written notice of the amount for which the board is responsible. The notice must specify when the payment is due.

Withholding of funds owed to the Department

(Section 261.110)

If a county board fails to fully pay any amount owed to the Department by a due date established by the Department, the bill permits the Director to withhold the amount that the county board failed to pay from any amounts due to the county board from the Department.

Innovative pilot projects

(Section 261.120)

For FY 2026 and FY 2027, the bill permits the Director to authorize the continuation or implementation of innovative pilot projects that are likely to assist in promoting the objectives of state law governing the Department and county boards. Under the bill, a pilot project may be implemented in a manner inconsistent with the laws or rules governing the Department and county boards; however, the Director cannot authorize a pilot project to be implemented in a manner that would cause Ohio to be out of compliance with any requirements for a program funded in whole or in part with federal funds. Before authorizing a pilot project, the Director must consult with entities interested in the issue of developmental disabilities.

Medicaid rates for homemaker/personal care services

(Section 261.130)

The bill requires that the total Medicaid payment rate for each 15 minutes of routine homemaker/personal care services provided to a qualifying enrollee of the Individual Options Medicaid waiver program be 52¢ higher than the rate for services provided to an enrollee who is not a qualifying enrollee. The higher rate is to be paid only for the first 12 months, consecutive or otherwise, that the services are provided beginning July 1, 2025, and ending July 1, 2027. An Individual Options enrollee is a qualified enrollee if all of the following apply:

- The enrollee resided in a developmental center, converted ICF/IID,[37] or public hospital immediately before enrolling in the Individual Options waiver.
- The enrollee did not receive before July 1, 2011, routine homemaker/personal care services from the Medicaid provider that is to receive the higher Medicaid rate.
- The Director has determined that the enrollee's special circumstances (including diagnosis, services needed, or length of stay) warrant paying the higher Medicaid rate.

Certified mail requirements

(R.C. 5123.166 and 5123.19)

The bill specifies that if the Director issues an adjudication order against an individual or entity seeking or holding a supported living certificate as permitted under continuing law, the Director must provide written notice of the order not later than 24 hours after issuing the order. Under current law, the Director must provide notice of the order by certified mail, return receipt requested, within the specified timeframe.

The bill further specifies that following the completion of a written report and recommendation issued by a hearing examiner following proceedings related to denying or revoking a residential facility's license, the report and recommendations must be provided to the license and the licensee's attorney not later than five days after the report is filed. In doing so, it removes the requirement that a hearing examiner's report and recommendations must be sent to a licensee and the licensee's attorney by certified mail within the specified timeframe.

Community developmental disabilities trust fund

(R.C. 5123.352, repealed)

The bill abolishes the community developmental disabilities trust fund. Under current law, moneys in the fund are used to assist persons with developmental disabilities to remain in the community and avoid institutionalization.[38]

[37] A converted ICF/IID is an ICF/IID, or former ICF/IID, that converted some or all of its beds to providing services under the Individual Options waiver.

[38] See R.C. 5123.0418, not in the bill.

STATE BOARD OF EDUCATION

Ohio Teacher Residency Program

- Eliminates the Resident Educator Summative Assessment (RESA) as a measure of appropriate progression through the Ohio Teacher Residency Program.
- Permits the use of teacher evaluations conducted in accordance with continuing law as a measure of appropriate progression under the program.

Principal Apprenticeship Program

- Requires the State Board of Education to issue a professional administrator license for grades K-12 to individuals who successfully complete the Principal Apprenticeship Program established by the Department of Education and Workforce.

Ohio Professional Licensing System

- Requires the State Board to consult with the Department of Administrative Services about utilizing the Ohio Professional Licensing System.

Ohio Teacher Residency Program

(R.C. 3319.223; conforming changes in R.C. 3319.111)

The bill eliminates the Resident Educator Summative Assessment (RESA) as a measure of appropriate progression through the Ohio Teacher Residency Program. Instead, the bill expressly permits the use of evaluations under a teacher evaluation system established in accordance with continuing law as a measure of appropriate progression under the program.

The bill also makes conforming changes related to the removal of the RESA, including eliminating: (1) the option for a school district board of education to forego an evaluation of a teacher participating in the program for the year in which the teacher takes at least half the RESA for the first time, (2) the requirement for the Superintendent of Public Instruction to provide participants and mentors access to sample videos of classroom lessons submitted for the RESA, and (3) the requirement for the state Superintendent to provide participants who do not pass the RESA an opportunity to meet with an approved online instructional coach to review the participant's RESA results and discuss improvement strategies and professional development.

Principal Apprenticeship Program

(R.C. 3319.271)

Upon certification from the Department of Education and Workforce that an individual has completed the Principal Apprenticeship Program, the bill requires the State Board of Education to issue that individual a professional administrator license for grades pre-K-12.

The bill requires the Department to establish the Principal Apprenticeship Program to provide pathways for individuals to receive training and development in school leadership and

primary and secondary school administration. For more information, see "**Principal Apprenticeship Program**" in the Department's chapter of this analysis.

Ohio Professional Licensing System

(Section 207.40)

The bill requires the State Board, either on July 1, 2025, or as soon as possible thereafter, to consult with the Department of Administrative Services on utilizing the Ohio Professional Licensing System. As part of the consultation, the State Board must consider opportunities to reduce the number of license and certification types.

The Ohio Professional Licensing System (often called eLicense Ohio) is an online management system for professional and occupational licenses operated by the Department of Administrative Services. According to the eLicense Ohio website, the Department currently provides services to 23 state licensure boards, including providing a secure platform for online applications, license management, online payment, address management, and notices. The State Board of Education is not listed as one of those participating state licensure boards.

For more information, see Support on the eLicenseOhio website, which is also available at: elicense.ohio.gov.

DEPARTMENT OF EDUCATION AND WORKFORCE

I. School finance

Funding for FY 2026 and FY 2027

- Extends the operation of the school financing system established in H.B. 110 of the 134th General Assembly, with some changes, to FY 2026 and FY 2027.
- Extends to FY 2026 and FY 2027, with some changes, the payment of temporary transitional aid and a formula transition supplement.

Disadvantaged pupil impact aid

- Requires each school district, community school, or STEM school to spend at least 25%, or 50% if it is a school district or community school subject to a reading achievement improvement plan, of its disadvantaged pupil impact aid (DPIA) in a fiscal year on reading improvement and intervention and professional development in literacy instruction.
- Qualifies a community mental health prevention provider as one of the entities with which a school district, community school, or STEM school may develop its plan for using its DPIA.

Student wellness and success funds

- Requires each school district, community school, or STEM school to *annually* develop a plan to use its student and wellness and success funds (SWSF).
- Requires each district or school, in addition to coordinating with its selected community partners in developing a plan as under continuing law, to also cooperate and consult with them in doing so.
- Requires the planning process for SWSF to include opportunities for the district's or school's selected community partners to provide meaningful input and feedback to each of the required components of the plan.
- Requires a district or school's plan to identify certain components for the plan's initiatives, including the type, cost, community partners, goal, impact, and how the need for each initiative was identified.
- Requires each district and school to annually share its plan at a public meeting of its governing body and post the plan on its publicly accessible website within 30 days of the plan's creation or amendment for a particular school year.

Other career-technical education funds

- Modifies the purposes for which school districts may use career-technical education associated services funds.
- Permits the lead district of a career-technical planning district to use career awareness and exploration funds to provide mentorship opportunities through which students may learn about careers and workforce skills.

- Requires the lead district of each career-technical planning district receiving career awareness and exploration funds to report on the use of those funds to the Department of Education and Workforce (Department).

Quality Community and Independent STEM School Support Programs

- Codifies the Quality Community School Support Program and the Quality Independent STEM School Support Program, both of which annually pay qualifying community and STEM schools an amount up to $3,000 for each economically disadvantaged student and up to $2,250 for each student who is not economically disadvantaged.

Facilities funding for community and STEM schools

- Codifies the per-student facilities payment for community schools or STEM schools.

Auxiliary services funding for mental health services

- Permits a chartered nonpublic school to use auxiliary services funds to provide diagnostic and therapeutic mental health services.

Payment for districts with decreases in utility TPP value

- Requires the Department to make a payment, for FY 2026 and FY 2027, to each city, local, exempted village, or joint vocational school district that has at least one power plant within its territory and that experiences a 10% or greater decrease in the taxable value of utility tangible personal property (TPP) and an overall negative change in TPP subject to taxation.

II. Career-technical education and workforce development

Waivers for middle school career-technical education

- Eliminates waivers from a school district's obligation to provide a career-technical education to seventh and eighth grade students on and after July 1, 2026.

Approval deadlines for career-technical education programs

- Eliminates the application and approval deadlines for new career-technical education programs.

Career-Technical Assurance Guides (CTAG)

- Adds CTAG-aligned courses to the list of programs that may be considered an "advanced standing program" at school districts, other public schools, and chartered nonpublic schools.

- Requires each district and school that has students enrolled in CTAG-aligned career-technical courses to implement a policy for grading and calculating class standings for those courses in a manner that is equivalent to the district or school's policy for its other advanced standing programs.

Industry-recognized credentials

- Eliminates the requirement for the Director of Education and Workforce's industry-recognized credentials and licenses committee to establish a point value system for credentials to help determine whether a student qualifies for a high school diploma.
- Requires the Director's committee to instead establish criteria under which a student may use industry-recognized credentials to help qualify for a high school diploma.

Graduation and career plans

- Requires public and chartered nonpublic high school student graduation plans to also identify post-graduation career goals and to align the student's high school experience with these goals.
- Permits plans to be developed jointly by a student and a representative of an organization that has partnered with the school to provide career planning and advising supports.
- Requires a public school to ensure a graduation and career plan for a student aligns to the student's success plan.
- Requires the Department to adopt rules regarding the content of graduation and career plans.

Career pathways resource

- Requires the Department to develop a career pathways resource and requires public schools annually to distribute it to all students in grades 6-12.

Work-based learning hours

- Specifies that, for the purposes of meeting the state's high school graduation requirements, a student's completion of 250 hours of work-based learning experience is a "foundational" option to demonstrate competency, rather than a "supporting" one as under current law.

III. Assessments, instruction, and tutoring

Diagnostic assessment

- Requires the Department to, by June 30, 2026, adopt a diagnostic assessment for reading and math for each of grades K-3.
- Requires the diagnostic assessment for reading to be designed to measure student comprehension of foundational reading skills aligned to the science of reading.
- Requires public schools to administer the diagnostic assessments to their students by September 30 of each year, beginning with the 2026-2027 school year.

Kindergarten readiness assessment

- Requires public schools to administer the kindergarten readiness assessment (KRA) to each kindergarten student between the first day of July of the school year in which the student enrolls in kindergarten and the 20th day of instruction of that school year.
- Requires public schools to utilize and score the KRA in accordance with rules established by the Department of Children and Youth.
- Eliminates KRA data on the state report cards.

State assessments as public records

- Reduces from 40% to 20% the percentage of state assessment questions that must be made a public record.

Core curriculum and evidence-based reading programs

- Limits the requirement for a school district, community school, or STEM school to use core curriculum and instructional materials from the Department's approved list by only applying it to curricula and materials for students in grades pre-K-5.
- Expressly requires a district or school to use evidence-based reading intervention programs from the Department's approved list for students in grades pre-K-12.

Wellness instruction

- Changes the focus of annual evidence-based instruction on suicide prevention provided to students in grades 6-12 to mental health promotion from safety training and violence prevention.
- Eliminates the requirement that students receive evidence-based social inclusion instruction and instead requires students attending a district or school to receive annual evidence-based instruction in universal prevention practices or programs that teach students the necessary knowledge and skills to improve health and wellness outcomes.

Approved evidence-based training programs

- Requires the Department to maintain a list of approved evidence-based training programs that districts and schools must use when providing instruction on mental health promotion, suicide prevention, and health and wellness outcomes.

Youth peer-led programming

- Permits each public school to provide youth peer-led programming based on relational connections and youth empowerment models, instead of designating a student-led violence prevention club.

Advanced math learning opportunities

- Requires school districts to provide advanced math learning opportunities to students who achieve an advanced level of skill on either a math achievement assessment or an end-of-course exam.

- Exempts school districts from providing advanced math learning opportunities if the district does not offer any advanced math learning opportunities in the grade level in which the student is enrolled for the next school year.
- Requires districts to notify the parent or guardian of a student who qualifies for advanced math learning opportunities and permits a parent or guardian to opt out their student from those opportunities.

Reporting of math curriculum and materials

- Requires each public school to report its math core curriculum and instructional materials for grades pre-K through 12 through EMIS.

Provision of high-dosage tutoring

- Permits a public school to incorporate high-dosage tutoring into a student's regular instruction time for each student on reading improvement and monitoring plans.
- Requires a locally approved high-dosage tutoring program to align with best practices identified by the Department.

High-quality tutoring program list

- Requires the Department's request for qualifications for high-quality tutoring programs to include a request for program efficacy data or other evidence of program effectiveness for participating students.
- Requires the Department to remove from the high-quality tutoring program list any program that is not aligned to the science of reading or uses a three-cueing approach.
- Requires the Department to, at least every three years, update and provide an opportunity for entities to submit their qualifications for consideration to be included on the list posted to the Department's website.

IV. Educators

Use of seniority in teacher assignments

- Prohibits the use of seniority or continuing contract status as the primary factor when assigning teachers and instead requires assignment on the basis of the best interests of students.
- Specifies that the provisions pertaining to teacher assignment prevail over conflicting provisions of collective bargaining agreements entered into after the bill's effective date.

School district employment data

- Requires the Department annually to collect school district employment and vacancy data and to aggregate and report the data on its public website.

Principal Apprenticeship Program

- Requires the Department to establish a Principal Apprenticeship Program to provide pathways for qualifying individuals to receive school leadership and administration training and development, and an optional master's degree.
- Requires the State Board of Education to issue a professional administrator license for grades pre-K-12 to individuals who successfully complete the program.

Science of Reading professional development

- Requires the Department to maintain an introductory Science of Reading training course and develop a competency-based training course that updates and reinforces educators' knowledge in the Science of Reading.
- Requires each teacher, administrator, or speech-language pathologist employed by a public school to complete the Department's Science of Reading training by a specified date dependent upon when the individual was hired, and every five years thereafter.

Educator in-service training

- Requires each public school to develop its own youth suicide awareness and prevention in-service educator training curriculum instead of adopting or adapting curriculum developed by the Department.
- Eliminates the requirement that child sexual abuse in-service training for educators be provided by law enforcement officers or prosecutors and instead requires a district board to develop its own curriculum in consultation with public or private agencies.

V. Community schools

High-performing community school definition

- Revises the definition of "high-performing community school" in the law regarding the right of first refusal to purchase school district property and the involuntary disposition of school district property.

Dropout prevention and recovery community schools

- Redefines a dropout prevention and recovery community school and requires each community school that primarily serves students enrolled in a dropout prevention and recovery program to comply with that definition by July 1, 2027.
- Requires the Department to assign any separate community school created in compliance with the new definition its own internal retrieval number.

Involuntary sale of unused school facilities

- Modifies the definition of "unused school facility" for purposes of the law regarding the involuntary sale of unused school district real property.
- Requires the Department to annually publish by December 31 a list of unused school facilities in each district.

- Requires that the property be sold by lottery for a price that is not lower than the property's appraised value as an educational facility.
- If no high-performing community school within the district offers to purchase or lease a property, requires the district to offer it to high-performing community schools located outside of the district prior to offering it to other start-up community schools, college-preparatory boarding schools, and STEM schools.

VI. School policies

Absence intervention, truancy, and chronic absenteeism

- Modifies the process school districts, brick-and-mortar community schools, and STEM schools must follow when addressing student absences.
- Aligns the definition of "chronic absenteeism" with federal law.
- Permits grade level promotion of certain truant students enrolled in community schools.
- Eliminates the timeline under which a school district attendance officer must file a complaint and instead bases the filing solely on whether a student is making satisfactory progress in improving attendance.
- Clarifies that certain required notices to parents regarding truancy and consequences that are sent by email or text message are legal notices.

Student cellphone use

- Requires each public school to adopt a policy prohibiting the use of cellphones by students during instructional hours.

Artificial intelligence policies

- Requires the Department to adopt a model policy by December 31, 2025, on the use of artificial intelligence in schools.
- Requires public schools to adopt a policy by July 1, 2026, on the use of artificial intelligence.
- Permits the Department to collect data from districts and schools on their use of artificial intelligence.

VII. Other initiatives

State report card

Early Literacy component

- Eliminates the percentage of students promoted to the fourth grade under the Third Grade Reading Guarantee as a performance measure for the Early Literacy component on the state report card for public schools.
- Assigns the proficiency rate on the reading segment of the third grade English language arts assessment and the progress in improving literacy in grades kindergarten through

three performance measures each a weight of 50% for calculating the Early Literacy component's performance rating.

- If either the proficiency rate or the progress in improving literacy measures is not included on a district's or school building's report card, requires performance ratings for the Early Literacy component to be prescribed by rule of the Department

College, Career, Workforce, and Military Readiness component

- Requires the Department to report the College, Career, Workforce, and Military Readiness (CCWMR) component as report-only data on school district and school building report cards for the 2024-2025 school year.
- Requires the Department to assign a performance rating for the CCWMR component on district and school building report cards, and factor the component into the calculation a district's or building's overall rating, beginning with the 2025-2026 school year.
- Eliminates the requirement that the Department develop and propose rules for a method to assign a performance rating for the CCWMR component and a related requirement that the method not include a tiered structure or per student bonuses.

Educational Regional Service System

Initiatives

- Requires the Educational Regional Service System (ERSS) to support state and regional workforce development initiatives in addition to supporting education initiatives.

Service providers

- Expands ERSS service providers to include career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges.

Services for STEM schools

- Requires ERSS to provide services to STEM schools.
- Permits STEM schools to enter service agreements with information technology centers.

Regions

- Eliminates the 16 statutorily established ERSS regions and instead requires the Department to establish up to 16 regions within 180 days of the bill's effective date.
- Requires the Department to notify affected regions of subsequent changes at least 90 days before the fiscal year in which those changes will take effect.

Regional advisory councils

- Eliminates ERSS regional advisory councils and subcommittees.

Fiscal agents and performance contracts

- Permits career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges to be the fiscal agent for an ERSS region.
- Changes the criteria the Department must consider in selecting an ERSS fiscal agent by requiring an entity to provide an assurance it will limit aggregate fees for administering a performance contract to 5% of the contract's value, rather than a demonstrated intent to limit those fees to 7% as under current law.
- Permits the Department to select an entity located in another ERSS region to be a fiscal agent for a region where no entity responded to or met the requirements in the Department's request for proposals.
- Decreases the threshold to require Controlling Board approval for aggregate personnel and program costs to be charged by an ERSS fiscal agent or its subcontractors from 4% to 3% of the value of a performance contract.
- Eliminates the requirement that, when entering into performance contracts with a fiscal agent and allocating state funds for ERSS, the Department consider the services that will be provided in a region from the Department's system of intensive, ongoing support for the improvement of school districts and school buildings.

Competency-based adult education programs

- Eliminates the Adult Diploma Program and 22+ Adult High School Diploma Program, but permits an individual enrolled in either of them to complete that program by June 30, 2027.
- Permits an eligible school district, community school, community college, state community college, technical college, university branch campus, or Ohio technical center ("provider") to establish a competency-based educational program for eligible individuals to earn a high school diploma.
- Qualifies individuals who are at least 18 years old, have officially withdrawn from school, and who have not received a high school diploma or certificate of high school equivalence to participate in a competency-based educational program.
- Permits a provider to generally enroll an eligible individual in a program for three school years and request extension from the Department for an individual due to a hardship that necessitates additional time to meet the diploma requirements.
- Requires a provider to contact individuals who receive a diploma under a program to collect data on the individual's career and educational outcomes and report that data to the Department.
- Requires the Department to award a high school diploma to enrolled individuals who demonstrate competency through specified activities or earn specified course credits.

- Requires the Department to pay each provider up to $7,500 per school year for each enrolled individual based on the extent of the individual's successful completion of the program's diploma requirements.

Free school breakfast and lunch

- Requires public schools that participate in the federal school breakfast or lunch program and have an identified student percentage of at least 25% to participate in the Community Eligibility Provision and provide a free breakfast or lunch, respectively, to each student.

Payment of tuition for students in residential treatment facilities

- Assigns responsibility for payment of tuition for a child that is parentally placed in a residential treatment facility in consultation with and upon recommendation of the OhioRISE Program to the school district in which the child's parent resides.
- Exempts a school district from the responsibility to pay tuition for a child who has been awarded a state scholarship.

School bus driver training

- By July 1, 2026, requires employed school bus and motor van drivers to annually complete six hours of in-service training, rather than four hours as under current law.
- Authorizes the classroom portion of school bus driver recertification training to be conducted online.

I. School finance

Funding for FY 2026 and FY 2027

(R.C. 3314.08, 3317.011, 3317.012, 3317.014, 3317.016, 3317.017, 3317.018, 3317.019, 3317.0110, 3317.02, 3317.021, 3317.022, 3317.024, 3317.026, 3317.0212, 3317.0213, 3317.0215, 3317.0217, 3317.0218. 3317.051, 3317.11, 3317.16, 3317.162, 3317.165, 3317.20, 3317.201, 3317.25, 3317.31, and 3326.44; Sections 265.220, 265.230, and 265.450)

The bill extends the operation of the current school financing system to FY 2026 and FY 2027, but with the following changes:

1. Increases the general phase-in and disadvantaged pupil impact aid phase-in percentages from 66.67% in FY 2025 to 83.33% in FY 2026 and 100% in FY 2027;

2. Increases the minimum transportation state share percentage from 41.67% in FY 2025 to 45.83% in FY 2026 and 50% in FY 2027;

3. Eliminates gifted professional development funding for school districts;

4. Requires a district's building leadership support in the base cost calculation to be calculated using the number of school buildings in the district for the preceding fiscal year;

5. Requires the base cost and state share percentage for joint vocational school districts to be calculated in a similar manner as city, local, and exempted village school districts;

6. Requires the use data from the previous fiscal year to establish the target number of qualifying riders per bus for each city, local, and exempted village school district;

7. Requires the Tax Commissioner to certify the median federal adjusted gross income of a district's residents for use in making computations for the district, instead of the total federal adjusted gross income of residents as under current law;

8. Codifies and incorporates into the system the $650 per student equity supplement for community schools that are not internet- or computer-based community schools and extends that payment to STEM schools; and

9. Extends the uncodified requirement that the academic co-curricular activities, supplies and academic content, athletic co-curricular activities, and building operations cost components of the base cost calculation for city, local, and exempted village school districts be based on the sum of the enrolled ADM of every district that *reported* data, rather than on *every* district as otherwise required under continuing law.

In addition, the bill extends to FY 2026 and FY 2027 the payment of temporary transitional aid based on the payment of the following funding bases:

1. For FY 2026, 95% of the FY 2020 funding base for temporary transitional aid and temporary transitional transportation aid;

2. For FY 2027, 90% of the FY 2020 funding base for temporary transitional aid and temporary transitional transportation aid;

3. For FY 2026, 95% of the FY 2021 funding base for a formula transition supplement;

4. For FY 2027, 90% of the FY 2021 funding base for a formula transition supplement.

For background information on the school financing system, see:

1. The LSC Final Analysis for H.B. 110 of the 134th General Assembly (PDF), which enacted the system;

2. The LSC Final Analysis for H.B. 583 of the 134th General Assembly (PDF), which made a number of corrective and technical changes to it; and

3. The LSC Final Analysis for H.B 33 of the 135th General Assembly (PDF), which extended the system to that biennium.[39]

Disadvantaged pupil impact aid

(R.C. 3302.13 and 3317.25)

The bill makes two changes to the use of disadvantage pupil impact aid (DPIA) by school districts, community schools, and STEM schools. First, it adds community mental health prevention providers to the list of entities with which the district or school may partner in developing its plan to use its DPIA.

[39] All final analyses are available on the General Assembly's website: legislature.ohio.gov.

Second, the bill requires each district or school to use a specified amount of its DPIA on initiatives in reading improvement and intervention and professional development in literacy instruction for teachers of students in grades K-3.

Generally, a district or school must spend at least 25% of its DPIA in a fiscal year on those initiatives. However, a school district or a community school subject to a reading achievement improvement plan in the prior fiscal year must spend at least 50% of its DPIA on those initiatives in the current fiscal year and specify in its improvement plan how those funds will be used.

Under continuing law, initiatives in reading improvement and intervention and initiatives in professional development in literacy instruction both must be aligned with the science of reading and evidence-based strategies for effective literacy instruction.

Student wellness and success funds

(R.C. 3317.26)

The bill modifies requirements for the development of a school district's, community school's, or STEM school's plan to use its student wellness and success funds (SWSF). Under the bill, each district and school must *cooperate and consult,* in addition to coordinating as under continuing law with its selected community partners in developing its plan. The planning process also must include opportunities for the district's or school's selected community partners to provide meaningful input and feedback on each of the components of the plan required under the bill. The plan specifically must include:

- The type of each initiative the district or school will implement;
- The amount of funding that will be used for each initiative, including a statement verifying that at least 50% of SWSF will be spent on either physical or mental health based initiatives, or a combination of both;
- The name of the selected community partners with which the plan is being developed and implemented;
- The type of needs assessment or relevant data used to identify the need for each initiative;
- The goal of each initiative; and
- How the impact of each initiative will be measured or evaluated.

The bill requires each district and school to *annually* develop a plan and *annually,* within 30 days of creating or amending its plan (1) share the plan *for a particular school year* at a public meeting of its governing body and (2) post the plan on its *publicly accessible* website. Current law does not specify how often a school must develop and share its plan, nor that the plan must be posted on the district or school's "publicly accessible" website. The bill also requires each district and school, within the same 30-day time frame, to annually submit a link to the posted plan to the Department of Education and Workforce (the Department).

Other career-technical education funds

(R.C. 3317.014)

Career-technical education associated services funds

Under continuing law, school districts must use career-technical education associated services funds for purposes approved by the Department. The bill specifically identifies each of the following purposes the Department may approve for the use of those funds:

- Engaging and collaborating with education and workforce stakeholders in the service area;
- Developing and maintaining a comprehensive plan to increase career-focused education activities;
- Ensuring that plans are informed by quality data and using data to expand access to career-focused activities for all students;
- Planning and allocating resources for the growth, sustainability, and enhancement of career-focused activities in the long term;
- Establishing continuous improvement and program approval processes.

Career awareness and exploration funds

The Department pays the lead district of a career-technical planning district (CTPD) career awareness and exploration funds to deliver relevant career awareness and exploration programs to all students within the CTPD. The bill adds the option for the lead district to provide mentorship opportunities through which students may learn about careers and workforce skills to the list of approved uses of career awareness and exploration funds.

The bill also requires each lead district receiving career awareness and exploration funds to report on the use of those funds to the Department.

Quality Community and Independent STEM School Support Programs

(R.C. 3317.27, 3317.28, and 3317.29)

The bill codifies and revises the Quality Community School Support Program and Quality Independent STEM School Support Program. Under the programs, the Department must designate community and STEM schools as "Schools of Quality" by December 31 of each fiscal year. The Department must pay each community school and STEM school that is designated as a "School of Quality" up to $3,000 per fiscal year for each student identified as economically disadvantaged and up to $2,250 per fiscal year for each student who is not identified as economically disadvantaged. The Department must make periodic payments to each designated school beginning in January of that fiscal year.

"Community School of Quality" designation

Under the bill, to be a "Community School of Quality," the community school must meet at least one of the following sets of conditions:

1. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school received a higher performance index score than the school district in which it is located on the two most recent report cards issued;

c. The school either:

i. Received a performance rating of four stars or higher for the value-added progress dimension on its most recent report card; or

ii. Is a school where a majority of its students are either enrolled in a dropout prevention and recovery program operated by the school or are children with disabilities receiving special education and related services, and the school did not receive a rating for the value-added progress dimension on the most recent report card; and

d. At least 50% of the students enrolled in the school are economically disadvantaged.

2. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school is either:

i. In its first year of operation; or

ii. Opened as a kindergarten school, has added one grade per year, and has been in operation for less than four school years;

c. The school is replicating an operational and instructional model used by a community school that qualifies as a Community School of Quality under the first set of conditions; and

d. If the school has an operator, its operator received a rating of three stars or better on its most recent performance report.

3. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school satisfies either of the following:

(i) The school contracts with an operator that operates schools in other states and meets at least one of the following:

(I) The operator has operated a school that received a grant funded through the federal Charter School Program within the five years prior to the date of application or receiving funding from the Charter School Growth Fund;

(II) The operator meets all of the following:

- One of the operator's schools in another state performed better than the school district in which the school is located;

- At least 50% of the total number of students enrolled in all of the operator's schools are economically disadvantaged;

- The operator is in good standing in all states where it operates schools; and

- The operator does not have any financial viability issues that would prevent it from effectively operating a community school in Ohio.

(ii) The school is replicating an operational and instructional model through an agreement with a college or university used by a community school or its equivalent in another state that performed better than the school district in which it is located.

c. The school is in its first year of operation.

A school that is designated as a Community School of Quality maintains that designation for the two fiscal years following the fiscal year in which it is designated. Schools that are designated as Community Schools of Quality may renew their designation each year, which extends the designation for the two fiscal years following the renewal. Furthermore, a school that was designated as a Community School of Quality for the first time for the 2022-2023 school year maintains that designation through the 2027-2028 school year and may renew its designation each year after that year.

Merged community schools

The bill specifically qualifies for the program the surviving community school of a merger that takes place on or after June 30, 2022, provided it otherwise qualifies as a Community School of Quality under one of the sets of criteria described above. Payment for these schools is calculated using the adjusted full-time equivalent number of students enrolled in the school for the fiscal year as of the date the payment is made, as reported by the surviving community school, regardless of whether those students were previously enrolled in a community school that was dissolved as part of the merger.

Finally, the bill qualifies a school dissolved under the merger that otherwise qualified for the program to receive and retain funds received under the program before the bill's effective date.

Independent STEM schools

A STEM school is an "Independent STEM School of Quality" if it:

1. Operates autonomously;

2. Does not have a STEM school equivalent designation;

3. Is not governed by a school district;

4. Is not a community school;

5. Cannot levy taxes or issue tax-secured bonds;

6. Satisfies continuing law requirements for STEM schools; and

7. Satisfies the requirements described in the Quality Model for STEM and STEAM Schools established by the Department.

Like community schools, a STEM school that is designated as an Independent STEM School of Quality maintains that designation for the two fiscal years following the fiscal year in which it is designated. STEM schools that were designated as Independent STEM Schools of Quality based on the report cards issued for the 2017-2018 and 2018-2019 school years may renew their designation each year, which extends the designation for the two fiscal years following the renewal.

Facilities funding for community and STEM schools

(R.C. 3317.31)

The bill codifies the provision of law requiring the Department to pay an amount to each community school and STEM school for assistance with the cost associated with facilities. The bill requires the Department to pay $25 each fiscal year for each internet- or computer-based community school (e-school) and $1,500 each fiscal year for each student in all other community schools or STEM schools.

Traditionally, each main appropriations act has provided, in uncodified law, a per-student facilities payment to community schools and STEM schools. Generally, that payment has increased in each biennium for community schools that are not e-schools and STEM schools. Specifically, for community schools that are not e-schools and STEM schools, H.B. 110 of the 134th General Assembly, June 30, 2021, required a payment of $500 per student in each fiscal year and H.B. 33 of the 135th General Assembly, effective July 4, 2023, required a payment of $1,000.

Auxiliary services funding for mental health services

(R.C. 3317.06)

The bill permits chartered nonpublic schools to use auxiliary services funds to provide diagnostic and therapeutic mental health services to chartered nonpublic school students.

Under continuing law, auxiliary services funds are used to purchase goods and services for students who attend chartered nonpublic schools, such as textbooks, digital texts, workbooks, instructional equipment, library materials, or tutoring and other special services. A chartered nonpublic school may elect to receive these such funds directly from the Department. Otherwise, by default, a chartered nonpublic school receives the funds through the school district in which it is located.[40]

[40] R.C. 3317.024 and 3317.062, neither in the bill.

Payment for districts with decreases in utility TPP value

(Section 265.240)

The bill requires the Department to make a payment, for FY 2026 and FY 2027, to each city, local, exempted village, or joint vocational school district that has at least one power plant within its territory and that experiences a 10% or greater decrease in the taxable value of utility tangible personal property (TPP) and an overall negative change in TPP subject to taxation. To qualify for the FY 2026 payment, a district must have experienced this decrease between tax years 2017 and 2025 or tax years 2024 and 2025. To qualify for the FY 2025 payment, a district must have experienced this decrease between tax years 2017 and 2026 or tax years 2025 and 2026.

Eligibility determination

The Tax Commissioner must determine which districts are eligible for this payment no later than May 15, 2026 (for the FY 2026 payment) or May 15, 2027 (for the FY 2027 payment). For each eligible district, the Commissioner must certify the following information to the Department:

1. If the district is eligible for the FY 2026 payment, its total taxable value for tax year 2025 and the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2025; and

2. If the district is eligible for the FY 2027 payment, its total taxable value for tax year 2026 and the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2026; and

3. If the district is eligible for either payment, the taxable value of the utility TPP decrease and the change in taxes charged and payable on the change in taxable value.

Payment amount

The bill requires the Department, for purposes of computing the payment, to replace the three-year average valuations used in computing a district's state education aid for FY 2019 with the district's total taxable value for tax year 2025 (for the FY 2026 payment) or tax year 2026 (for the FY 2027 payment). It then must recompute the state education aid for FY 2019 without applying any funding limitations enacted by the General Assembly.

The amount of a district's payment is the *greater* of 1 or 2 as described below:

1. The lesser of either:

a. The positive difference between the district's state education aid for FY 2019 prior to the recomputation and the district's recomputed state education aid for FY 2019; or

b. The absolute value of the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2025 (for the FY 2026 payment) or for tax years 2017 and 2026 (for the FY 2027 payment).

2. 0.50 times the absolute value of the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2023 (for the FY 2024 payment) or for tax years 2017 and 2024 (for the FY 2025 payment).

Payment deadline

The Department must make FY 2026 payments between June 1 and June 30, 2026, and must make FY 2027 payments between June 1 and June 30, 2027.

Codified law payment

The bill prohibits the Department from calculating or making a similar payment prescribed under codified law for FY 2026 and FY 2027.[41]

II. Career-technical education and workforce development

Waivers for middle school career-technical education

(R.C. 3313.90)

Beginning July 1, 2026, the bill eliminates waivers from a city, local, or exempted village school district's obligation to provide a career-technical education to seventh and eighth grade students.

Continuing law generally requires each district to provide career-technical education to students in grades 7 through twelve. Under current law, however a district board may receive a waiver from the requirement to provide career-techincal education to seventh and eighth grade students by annually adopting a resolution announcing its intent to not offer career-techincal education to those grades for that school year.

Approval deadlines for career-technical education programs

(R.C. 3317.161)

The bill eliminates the application and approval deadlines for a new career-technical education program. The deadlines eliminated under the bill include:

- The March 1 deadline for the lead district of a career-technical planning district to approve or disapprove a school district's, community school's, or STEM school's career-technical education program application;
- The March 15 deadline for a district or school to appeal to the Department the lead district's decision or failure to take action on a career-technical education program application.
- The May 15 deadline for the Department to approve or disapprove a career-technical education program for the next fiscal year.

[41] R.C. 3317.028, not in the bill.

Because the May 15 deadline no longer applies under the bill, the bill also eliminates the Department's authority to identify circumstances in which it may approve or disapprove a career-technical education program after that former deadline.

Career-Technical Assurance Guides (CTAG)

(R.C. 3313.6013, 3313.6031, 3314.03, 3326.11, and 3328.24)

The bill adds high school courses aligned to the Chancellor of Higher Education's Career-Technical Assurance Guides (CTAG) to the list of programs that may be considered an "advanced standing program" at school districts, other public schools, and chartered nonpublic schools. Under continuing law, each district or school must provide high school students with an opportunity to participate in advanced standing programs. Other advanced standing programs are the College Credit Plus Program (CCP), Advanced Placement (AP) courses, International Baccalaureate (IB) courses, and early college high school programs.

The bill also requires each district or school that has students enrolled in CTAG-aligned courses to implement a policy for grading and calculating class standings for those courses in a manner that is equivalent to the district's or school's policy for CCP, AP, IB, or honors courses.

Background

Continuing law requires the Chancellor to establish criteria, policies, and procedures to permit a student to transfer credit for qualifying career-technical courses to a state institution of higher education from a public secondary or adult career-technical institution or another state institution "without unnecessary duplication or institutional barriers." This credit transfer initiative is known as the Career-Technical Assurance Guide or "CTAG."

Thus, students who complete CTAG-aligned career-technical courses at a public high school, and who meets certain other criteria (normally including earning a proficient score on a related WebXam), are often awarded college credit upon enrollment in a state institution. A chartered nonpublic school student may participate in career-technical programs at public high schools without any financial assessment, charge, or tuition that is not otherwise charged to resident public school students in such programs.[42]

Industry-recognized credentials

(R.C. 3301.17, 3313.618, 3313.6113, and 3313.6114)

The bill eliminates the requirement that the Director of Education and Workforce's industry-recognized credentials and licenses committee assign a point value for each of its approved credentials and establish the total number of points that a student must earn to satisfy certain high school graduation requirements. Instead of point values, the committee must establish the criteria under which a student may use industry-recognized credentials to help qualify for a high school diploma.

[42] See R.C. 3313.90 and 3333.162, not in the bill.

Continuing law permits a student to fulfil certain graduation requirements by (1) earning an industry-recognized credential diploma seal or (2) earning industry-recognized credentials as a "foundational" option when using alternative demonstrations of competency. Under the bill, qualifying industry-recognized credentials for either option must be based on the criteria established by the committee rather than point values established under current law.

Graduation and career plans

(R.C. 3313.617)

School districts and other public and chartered nonpublic schools are required to adopt a policy regarding students who are at risk of not qualifying for a high school diploma. As part of that policy, districts and schools must develop a graduation plan for each student enrolled in grades 9 through 12. Along with continuing law that requires graduation plans to address a student's pathway to meeting curriculum and graduation requirements, the bill requires graduation plans to identify post-graduation career goals for the student and to align the student's high school experience with these goals. The bill also requires the Department to adopt rules regarding the content of the graduation and career plans.

The bill requires that a district or school ensures that a student and a representative of the district or school or a representative of an organization with which the district or school partners for career planning and advising supports jointly develop the plan with the student. Current law requires just a representative of a district or school to jointly develop the plan.

The bill requires a district to ensure that a graduation and career plan conforms to, rather than supplements, its policy on career advising, and aligns to any student success plan developed for the student.

Career pathways resource

(R.C. 3313.6020)

The bill requires the Department, in consultation with the Governor's Office of Workforce Transformation, to develop a career pathways resource for students. Each public school must distribute the resource to all students in grades 6-12 at least annually in the manner prescribed by the Department.

Work-based learning hours

(R.C. 3313.618)

For the purposes of qualifying for a high school diploma, the bill allows a student to use completion of 250 hours of work-based learning experience as a "foundational" option as part of an alternative demonstration of competency. Under current law, the completion of 250 hours of work-based learning experience is considered a "supporting" option.

Continuing law generally requires a high school student to earn a "competency score" established by the Department on both the Algebra I and English Language Arts II end-of-course exams to qualify for a high school diploma. If a student fails to obtain that score on one or both of those exams and then fails do so again on a retake of them, the student may use an alternative demonstration of competency.

One alternative demonstration of competency is to complete a "foundational" option and either another "foundational" option or a "supporting" option. Both "foundational" and "supporting" options generally align with student outcomes in career-technical education programs.

III. Assessments, instruction, and tutoring

Diagnostic assessment

(R.C. 3301.079, 3301.0715, and 3313.608; Section 733.30)

As under current law, the bill requires the Department to adopt a diagnostic assessment by June 30, 2026. Under the bill, all public schools must use the assessments developed by the Department. The bill eliminates the option for high-performing districts and schools administer alternative diagnostic assessments and the authority to use an alternative assessment to measure reading skills under the Third Grade Reading Guarantee. Current law permits a district or school to use alternative diagnostic assessments if the district or school received a performance rating of four stars or higher on the state report card for the preceding school year.

The Department is already required under current law to adopt diagnostic assessments designed to measure student comprehension of academic content and mastery of related skills for relevant subject areas and grade levels. However, the bill changes and adds requirements. Current law requires the Department to adopt a diagnostic assessment aligned with the academic standards and model curriculum for first and second grade in reading, writing, and mathematics, and for third grade in reading and writing, but the bill requires the Department to adopt diagnostic assessments for each of grades kindergarten through three that are aligned with standards in reading and math. Further, the bill requires the diagnostic assessment for reading to be designed to measure student comprehension of foundational reading skills aligned to the science of reading. The bill also removes the requirement that blank copies of diagnostic assessments be public records and that upon completion of each assessment, the Department must inform each district or school of its completion and make the assessment available to that district or school.

Under the bill, districts and schools must administer the diagnostic assessments by September 30 of each year, beginning with the 2026-2027 school year. It also requires districts and schools to administer diagnostic assessments to a student with significant cognitive disability in accordance with guidelines adopted by the Department.

Finally, under the bill, each district and school must utilize and score each diagnostic assessment in accordance with rules established by the Department.

Kindergarten readiness assessment

(R.C. 3301.0714, 3301.0715, and 3302.03)

The bill requires districts and schools to administer the kindergarten readiness assessment to each kindergarten student between the first day of July of the school year in which the student enrolls in kindergarten and the 20th day of instruction of that school year. Each district or school must utilize and score the kindergarten readiness assessment in accordance with rules established by the Department of Children and Youth.

Continuing law requires each district or school to report the results of diagnostics assessments administered to each student enrolled in grades kindergarten through 3. The bill eliminates an exemption from reporting the results of kindergarten students if the parent of that student requests the district or school not to report the results.

The bill eliminates the requirement that the Department include data from the kindergarten readiness assessment on the district or school's state report card.

State assessments as public records

(R.C. 3301.0711)

Beginning with state assessments administered in the spring of the 2025-2026 school year, the bill reduces from 40% to 20% the percentage of questions on the assessment used to compute a student's score that must be made a public record. It also eliminates related out-of-date provisions that make questions on state assessments public records.

Core curriculum and evidence-based reading programs

(R.C. 3313.6028)

Current law requires each school district, community school, and STEM school to only use core curriculum and instructional materials in English language arts and evidence-based reading intervention programs from a list of high-quality curricula, materials, and programs aligned to the Science of Reading and developed by the Department.

The bill limits that requirement by only requiring the use of a core curriculum and instructional materials from the list for students in grades pre-K-5. However, it expressly requires each district or school to use evidence-based reading intervention programs from that list for students in grades pre-K-12

Wellness instruction

(R.C. 3313.60, 3314.0311, 3314.0312, 3326.092, and 3326.093)

The bill requires each school district and other public school annually to provide developmentally appropriate, evidence-based instruction in mental health promotion and suicide prevention, instead of instruction in evidence-based suicide prevention and safety training and violence prevention as required under current law. The instruction must include information on the development and maintenance of positive mental health, stigma reduction, and the signs and symptoms of depression, suicide, and self-harm, and seeking help for self and peers.

The bill eliminates the requirement that students in grades six through 12 receive evidence-based social inclusion instruction and instead requires students in grades kindergarten through 12 to receive annual evidence-based instruction in universal prevention practices or programs that teach students the necessary knowledge and skills to improve health and wellness outcomes. The instruction must focus on enhancing interpersonal skills, encouraging health decision making, and increasing resiliency.

Continuing law requires each district or school to use a training program or practice that is approved by the Department for that instruction.

Prior to providing the instruction, the bill requires each district or school to notify each student's parent or guardian of the instruction that will be provided. The notification must indicate that the parent or guardian can review any related instructional materials and that, upon written request of the parent or guardian, the student must be excused from receiving the instruction.

These provisions take effect July 1, 2026.

Approved evidence-based training programs

(R.C. 3301.221)

The bill requires the Department to maintain a list of approved evidence-based training programs that districts and schools must use when providing instruction on mental health promotion, suicide prevention, and health and wellness outcomes. Continuing law requires the Department to maintain the list in consultation with DBH, but the bill removes the requirement to consult with the Department of Public Safety as well.

The bill also eliminates the specific criteria that the approved training programs must meet and the requirement that the Department maintain a list of approved training programs for instruction in social inclusion, as well as the criteria for those approved programs.

Youth peer-led programming

(R.C. 3313.6611)

The bill permits each district and school to provide youth peer-led programming based on relational connections and youth empowerment models for each school building serving grades six through 12, instead of designating a student-lead violence prevention club as permitted under current law. Under continuing law, the youth peer-led programming must do the following:

1. Be open to all members of the student body;

2. Have at least one identified adult advisor; and

3. Foster opportunities for student leadership development.

The bill requires the youth peer-led programming to also do the following:

1. Promote help-seeking behaviors; and

2. Encourage students to individually assess and develop strengths in their lives.

The bill eliminates the requirement to implement and sustain suicide and violence prevention and social inclusion training and awareness activities.

Advanced math learning opportunities

(R.C. 3313.6032)

The bill requires each school district to provide advanced math learning opportunities to each student who achieves an advanced level of skill on either a math achievement assessment

or an end-of-course exam in the following school year. An "advanced level of skill" is the highest level on the range of scores a student may receive on those assessments or exams. If a student takes an advanced math course, the student must take any corresponding required achievement assessment or end-of-course exam for that course.

Under the bill, "advanced learning opportunities in math" or "advanced math course" refers to learning opportunities or a course that provides academic content or rigor that exceeds the standard math curriculum for the student's grade level, as determined by the district.

If a district does not offer any advanced learning opportunities in math for the grade level in which the student is enrolled for the next school year, the bill exempts that district from the requirement to provide advanced learning opportunities.

The bill requires each district to notify the parent or guardian of a student who qualifies for advanced math learning opportunities. The parent or guardian may then submit a written request to opt out their student from the advanced math learning opportunities. If a parent or guardian submits an opt out request, the district is not required to provide that student with advanced math instruction.

Reporting of math curriculum and materials

(R.C. 3301.0714)

The bill requires each public school to report the core curriculum and instruction materials it is using for math for grades pre-K through 12 through the Education Management Information System (EMIS).

Continuing law already requires each public school to also report what core curriculum instructional materials it is using for English language arts for grades pre-K through five and the reading intervention programs for grades pre-K through 12 through EMIS.

Provision of high-dosage tutoring

(R.C. 3313.608)

The bill eliminates the requirement that high-dosage tutoring provided to students on reading improvement and monitoring plans by school districts and other public schools be provided outside of the student's regular instruction time. As a result, the bill expressly permits a district or school to incorporate high-dosage tutoring into a student's regular instruction time.

The bill also requires a locally approved high-dosage tutoring program to align with best practices identified by the Department.

Background

Under the Third-Grade Reading Guarantee, districts and schools must annually assess the reading skills of each student in grades K-3 and identify students who are reading below their grade level. Each district or school must provide intervention services for each student identified as reading below grade level, including developing a reading improvement and monitoring plan (RIMP) for each student. Each RIMP must include instruction time outside of a student's regular instruction time of at least three days a week, or at least 50 hours over 36 weeks, of high-dosage

tutoring provided by a state-approved vendor on the list of high-quality tutoring vendors compiled by the Department or through a locally approved program that aligns with high-dosage tutoring best practices.

High-quality tutoring program list

(R.C. 3301.136)

When compiling the list of high-quality tutoring vendors, continuing law requires the Department to request the qualifications of public and private entities that provide tutoring programs for students. The bill requires those qualifications to include program efficacy data or other evidence of program effectiveness for students who participate in the tutoring programs.

The bill requires the Department to remove immediately from the list any English language arts tutoring program that the Department determines is not aligned to the science of reading or that uses a three-cueing approach.

Every three years after it the initial list is posted, the Department must provide an opportunity for entities to submit their qualifications for consideration to be included in the list and post an updated list of tutoring programs on the Department's website.

IV. Educators

Use of seniority in teacher assignments

(R.C. 3319.173)

The bill requires each school district superintendent to assign teachers to positions based on the best interests of the district's students. The bill also prohibits the superintendent from using seniority or continuing contract status as the primary factor in assigning, reassigning, or transferring teachers, regardless of whether the assignment, reassignment, or transfer is voluntary on the part of the teacher.

The bill also provides that these new provisions prevail over conflicting provisions of collective bargaining agreements entered into after the bill's effective date. As such, any current collective bargaining agreements that assign teachers based on other factors, including seniority or continuing contract status as a primary factor, are unaffected for the remainder of the agreement's duration.

Under continuing law, except when deciding between teachers who have comparable evaluations, school districts are already prohibited from (1) giving seniority preference to teachers when making reductions in force or (2) rehiring teachers based on seniority.[43]

[43] R.C. 3319.17(C), not in the bill.

School district employment data

(R.C. 3301.82)

Collection of data

The bill requires the Department to annually collect school district employment and vacancy data for all of the following:

1. Teachers;

2. Related services providers and other providers of specialized services;

3. Principals and assistant principals;

4. Paraprofessionals;

5. Bus drivers; and

6. Any other positions as determined by the Department.

Report aggregate data

The bill requires the Department to report the number of vacant positions aggregated by the following:

1. Type of position;

2. Subject area;

3. Geographic area, including rural and urban areas;

4. Methods used to fill vacant positions, which must include the following:

   a. Hiring of substitutes, retirees, or alternative licensure program candidates;

   b. Contracting with an educational service center or other entity; and

   c. Other methods determined by the Department; and

5. Positions that remain unfilled.

Publish collected data

The Department annually must publish and summarize the collected data on its public website.

Principal Apprenticeship Program

(R.C. 3319.271)

The bill requires the Department to establish a Principal Apprenticeship Program, which must provide pathways for individuals to receive training and development in school leadership and primary and secondary school administration. The program must also provide the option for participants to obtain a master's degree.

The bill requires that the program be open to licensed educators who are employed as a teacher in an Ohio public or chartered nonpublic school, as well as to professionals working in fields other than education. The Department may give preference to applicants who have

multiple years of classroom teaching experience or multiple years of experience in the same professional career field and experience in teaching, training, or supervising others.

The bill requires participants of the program to be mentored by a school principal and complete on-site job training. Upon certification from the Department that the individual has completed the program, the bill requires the State Board of Education to issue the individual a professional administrator license for grades pre-K-12.

Science of Reading professional development

(R.C. 3301.0714 and 3319.2310)

Development of training course

The bill requires the Department to maintain an introductory Science of Reading training course for licensed educators and to develop a competency-based training course that updates and reinforces educators' knowledge in the Science of Reading.

Training requirement

The bill requires each teacher, administrator, or speech-language pathologist employed by a school district, community school, STEM school, or college-preparatory boarding school to complete the Department's Science of Reading training as follows:

1. An individual hired as a teacher or administrator prior to July 1, 2025, must complete the training by June 30, 2030, and every five years thereafter;

2. An individual hired as a teacher or administrator on or after July 1, 2025, must complete the training within one year after the date of hire, and every five years thereafter. However, the bill provides an exemption for individuals who either already completed that training or a similar training, as determined by the Department, or completed appropriate coursework in the Science of Reading as part of the individual's educator or licensure preparation program, as verified by the district or school;

3. An individual employed as a school psychologist or speech-language pathologist must complete the training by June 30, 2027, and every five years thereafter.

Professional development

Under continuing law, a district or school must establish a local professional development committee for the purpose of determining if coursework that a teacher proposes to complete meets the requirements set by the State Board of Education rules for licensure renewal.[44] The bill requires those committees to count Science of Reading training towards professional development requirements for educator licensure renewal. Additionally, a committee must permit an individual to apply any hours earned over the minimum required hours of professional development coursework for licensure renewal to the next renewal period for that license.

[44] R.C. 3319.22, not in the bill.

Reporting

The bill requires districts and schools to report to the Department through the Education Management Information System (EMIS) the number of teachers, administrators, school psychologists, and speech-language pathologists employed by the district or school that have completed the Science of Reading training.

Educator in-service training

(R.C. 3319.073)

Youth suicide awareness and prevention training

The bill requires each school district or other public school to develop its own youth suicide awareness and prevention in-service educator training curriculum instead of adopting or adapting curriculum developed by the Department. Continuing law requires each district or school to develop its curriculum in consultation with public or private agencies or persons involved in youth suicide awareness and prevention programs. Additionally, the bill eliminates the option for an educator to accomplish the training through self-review of suitable suicide prevention materials approved by the district or school.

Child sexual abuse training

The bill eliminates the requirement that child sexual abuse in-service training for educators be provided by law enforcement officers or prosecutors that have experience in handling cases involving child sexual abuse or child sexual violence. Instead, the bill requires each district or school to develop its own curriculum in consultation with public or private agencies or persons involved in child sexual abuse prevention or child sexual violence prevention.

V. Community schools

High-performing community school definition

(R.C. 3313.413)

The bill revises the definition of "high-performing community school" for the purposes of the law regarding the right of first refusal to purchase school district property and the involuntary disposition of school district property. Under the bill, a community school is high performing if it meets at least one of the following sets of conditions:

1. The community school:

a. Received a higher performance index score than the school district in which it is located on the two most recently issued state report cards; and

b. Either:

i. Received a performance rating of four stars or higher for the Progress component on its most recent report card; or

ii Is a dropout prevention and recovery community school and did not receive a rating for the Progress component on the most recent report card.

2. The community school serves only grades kindergarten through three and received a performance rating of four stars or higher for the Early Literacy component on the most recent state report card;

3. The community school has not commenced operations or has been in operation for less than one school year and:

a. The school is replicating an operational and instructional model used by another high-performing community school; and

b. The school either:

i. Has an operator that received an overall rating of three stars or higher, or a "C" or higher, on its most recent performance report; or

ii. Does not have an operator and is sponsored by a sponsor that was rated "exemplary" or "effective" on its most recent evaluation.

Under current law, a "high-performing community school" is a community school that meets one of the following:

1. The school has received:

a. A performance rating of three stars or higher for the Achievement component on the state report card or has increased its performance index score in each of the three previous years of operation; and

b. A performance rating of four stars or higher for progress on its most recent state report card.

2. Serves only grades K-three and has received either a performance rating of four stars or higher for the Early Literacy component on its most recent state report card; or

3. Primarily serves students enrolled in a dropout prevention and recovery program and has received a rating of "exceeds standards" on its most recent state report card.

Dropout prevention and recovery community schools

(R.C. 3314.02, 3314.362, and 3314.383; conforming changes in R.C. 3301.0712, 3301.0727, 3302.03, 3302.034, 3302.20, 3314.013, 3314.016, 3314.017, 3314.034, 3314.05, 3314.261, 3314.29, 3314.35, 3314.351, 3314.46, 3314.361, 3314.38, 3314.381, 3314.382, 3317.163, 3317.22, and 3319.301)

The bill defines a "dropout prevention and recovery community school" as a community school that enrolls only students who are between the ages of 14 and 21, and who, at the time of their initial enrollment, are at least one grade level behind their cohort age groups or experience crises that significantly interfere with their academic progress such that they are prevented from continuing their traditional educational programs.

Prior to July 1, 2027, each school to which the bill's provisions apply, upon approval of the school's sponsor, must (1) transfer those grades that do not comply to a separate community school or (2) cease offering those grades. The bill requires schools to assist students who are not

eligible to attend a "dropout prevention and recovery community school" to transfer to the separate community school or enroll in a different school.

Transition period

Currently, a "dropout recovery community school" is a community school in which a majority of the students are enrolled in a dropout prevention and recovery program that is operated by the school. The bill permits schools that meet the current definition but do not satisfy the new definitional requirements to continue to operate for the 2025-2026 and 2026-2027 school years.

On and after July 1, 2027, all community schools that primarily serve students enrolled in a dropout prevention and recovery program must comply with the new definition.

Separate IRN

The bill requires the Department to assign any separate community school created to attain compliance with the new definition its own internal retrieval number.

Involuntary sale of unused school facilities

(R.C. 3313.411)

Definition of unused school facility

Continuing law requires school districts to offer to sell or lease any of its real property that meet the statutory definition of being an "unused school facility" to other public schools. The bill clarifies a building is an "unused school facility" if it has been used for direct academic instruction but student enrollment is less than 60% of either:

1. The maximum student enrollment established in the building's architectural specifications or master design plan; or

2. The building's greatest student enrollment in the ten most recent school years including the current school year.

Under law not changed by the bill, an "unused school facility" also means real property that has been used by a school district for school operations, including academic instruction or administration, since July 1, 1998, but has not been used in that capacity for one year.

Department list of unused school facilities

Beginning November 30, 2025, and annually thereafter, the bill requires each school district to annually report to the Department the enrollment data necessary to determine whether a school building meets the 60% student enrollment threshold and any real property that meets the other set of criteria to be considered an unused school facility. By December 31, 2025, and annually thereafter, the Department must publish a list of unused school facilities on its website.

Value

The bill also changes the value for which a school district must sell an unused school facility from the property's appraised fair market value to the property's appraised value as an

educational facility. The district is not required to accept any payment that is lower than this value, as determined in an appraisal that is not more than one year old.

Method of sale

The bill also changes from an auction to a lottery the method by which a district must sell its property if more than one high-performing community school notifies the district of its intention to purchase property. Specifically, the district must conduct a lottery to select the school to which the district must sell the property.

Priority

If no high-performing community school within the district offers to purchase or lease a property, the bill requires the district to offer it to high-performing community schools located outside of the district prior to offering it to other start-up community schools, college-preparatory boarding schools, and STEM schools.

Continuing law requires a school district to offer to lease or sell "unused" real property to other public schools within the district, including community schools, college-preparatory boarding schools, and STEM schools. Community schools that meet the statutory definition of "high-performing" must be given priority in such transactions. Districts also may offer the property to existing community schools located outside the district, if those schools have plans, stipulated in their contracts with their sponsors, to relocate to the district.

VI. School policies

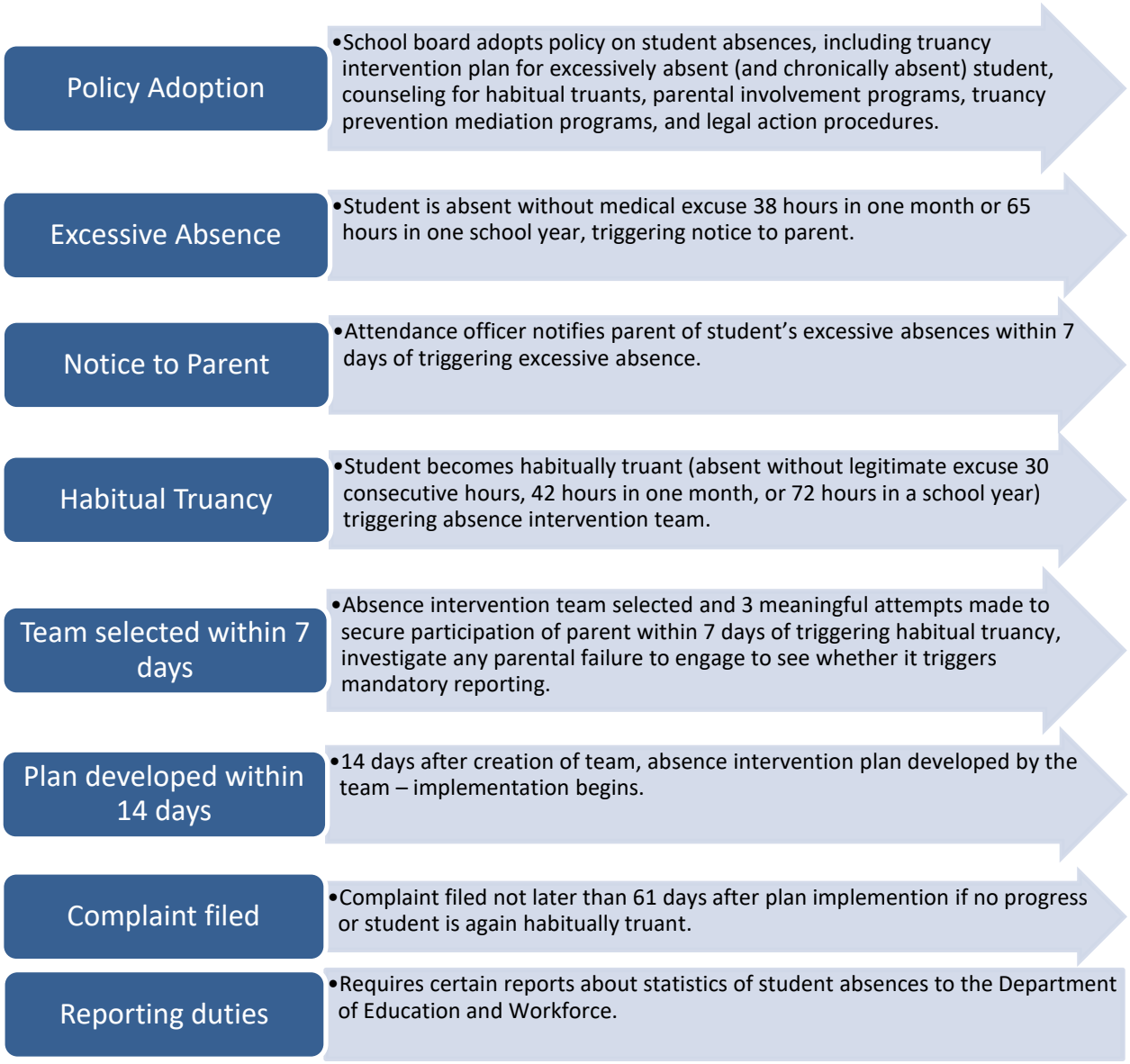
Absence intervention, truancy, and chronic absenteeism

The bill substantially modifies the process school districts, brick-and-mortar community schools, and STEM schools must follow when addressing student absences by replacing several more structured statutory requirements and timelines related to the absence intervention process with a similar set of district-led requirements. It also makes other changes.

District and school responsibilities for student absences

(R.C. 3321.191, repealed and reenacted, 3321.19 and conforming changes in 2151.27, 3320.04 and 3321.16)

The bill generally retains the (1) requirement to adopt a policy to address student absences and (2) definition of "habitual truant." However, it repeals the following process districts and schools must follow prescribed in current law:



Instead, the bill replaces this process with a requirement to adopt a policy in consultation with the juvenile court that does all of the following:

1. Acknowledges that student absences from school for any reason, whether excused or unexcused, take away from instructional time and have an adverse effect on student learning;

2. Identifies strategies to prevent students from becoming chronically absent;

3. Includes procedures for notifying a student's parent, guardian, or custodian, when the student has been absent from school for a number of hours determined by the board, which cannot exceed 5% of the minimum number of hours required in the school year;

4. Establishes a tiered system that provides more intensive interventions and supports for students with greater numbers of absences and includes resources to help students and their families address the root causes of the absences;

5. Provides for one or more absence intervention teams to work with students at risk of becoming chronically absent and their families to improve the students' attendance at school;

6. Prohibits suspending, expelling, or otherwise preventing a student from attending school based on the student's absences; and

7. Permits consultation or partnering with public and nonprofit agencies to provide assistance to students and families in reducing absences.

Chronic absenteeism percentage

(R.C. 3321.191(A))

The bill officially defines "chronically absent" as missing at least 10% of the minimum number of hours required in the school year, regardless of whether the absence is excused or unexcused. This aligns with federal law.

Federal law requires schools to collect data on "chronic absenteeism" and track and monitor absences.[45] Generally, a student is "chronically absent" when the student, with or without excuse, misses 10% or more of the school year, or about 18 days.[46] Schools and districts must provide supports to these students and their families to prevent further absences.

Grade level promotion

(R.C. 3313.609)

The bill eliminates the requirement that a school district or community school prohibit the grade level promotion of a student who has been absent without excuse for more than 10% of the required attendance days of the school year.

Filing of truancy complaint in juvenile court

(R.C. 3321.16; conforming changes in R.C. 3321.22)

As mentioned above, the bill eliminates the requirement that if the student's absences persist after the school has made meaningful attempts to reengage the student, the school must file a complaint in juvenile court not later than 61 days after the absence intervention team's plan was implemented. Instead, the bill requires a complaint only if the school district determines that the student is not making satisfactory progress in improving the student's attendance at school. When a complaint is filed, it must allege that the child is an unruly child for being a habitual truant and that the parent or guardian has violated the duty to cause the child to attend school.

Background

Under continuing law, an "habitual truant" is a student of compulsory school age who is absent *without legitimate excuse* for 30 or more consecutive hours, 42 or more hours in one

[45] 20 U.S.C. 6311(c) and 6613(b).

[46] See, Letter from Secretary Cardona Regarding Student Attendance and Engagement, March 22, 2024, which is available on the U.S. Department of Education's website: ed.gov.

school month, or 72 or more hours in a school year.[47] For any student whose absences meet that threshold, a school district or school must currently engage an absence intervention plan process. That process requires the student and the student's parent to participate in activities to get the student to attend school and, if the student's unexcused absences persist, it can eventually lead to the filing of a complaint in juvenile court.

Notice to parents regarding truancy and consequences

(R.C. 3321.21)

The bill clarifies that certain required notices to parents regarding truancy and consequences that include proof of receipt and are sent by email or text message, in addition to registered mail, regular mail with certificate of mailing, or other form of delivery, are legal notices.

Student cellphone use

(R.C. 3313.753)

The bill requires each public school's (any school district, community school, STEM school, or college-preparatory boarding school) policy governing the use of cellphones by students during school hours to outright prohibit student cellphone use during the instructional day. Though, the bill maintains an exception to that prohibition that permits cellphone use for student learning or to monitor or address a health concern if determined appropriate by the school's governing body or if that use is included in a student's individualized education program (IEP) or section 504 plan.

Each school must adopt the updated policy by the first day of January after the bill's effective date if it does not have a policy that meets the bill's requirement. Within 60 days of that date, the Department must develop a model policy that meets the bill's requirements for use by schools.

Background

H.B. 250 of the 135th General Assembly, effective August 14, 2024, requires public schools to adopt a policy governing the use of cellphones by students during school hours that (1) emphasizes that student use be as limited as possible during school hours and (2) reduces use-related distractions in classroom settings. That law also requires the Department to adopt a model cellphone policy, taking into account available research concerning the effect of cellphone use by students in school settings.

Artificial intelligence policies

(R.C. 3301.24; conforming changes in R.C. 3314.03, and 3326.11)

The bill requires the Department to develop a model policy on the use of artificial intelligence in schools no later than December 31, 2025. The policy must include the appropriate use of artificial intelligence by students and staff for educational purposes.

[47] R.C. 2151.011(B)(18), not in the bill.

Not later than July 1, 2026, each school district and public school must adopt a policy on the use of artificial intelligence in schools. Districts and schools may choose to adopt the model policy created by the Department.

The bill permits the Department to collect data from districts and schools on their use of artificial intelligence in the manner prescribed by the Department.

State report card

(R.C. 3302.03; Section 265.550)

Early Literacy component

The bill eliminates the use of the percentage of students promoted to the fourth grade under the Third Grade Reading Guarantee as a performance measure for the Early Literacy component on the state report card for public schools. For the two remaining performance measures used to calculate the component, (1) the proficiency rate on the reading segment of the third grade English language arts assessment and (2) the progress in improving literacy in grades kindergarten through three, the bill assigns a weight of 50% for each. If either of those performance measures is not included on a district's or school building's report card, the bill requires performance ratings for the Early Literacy component to be prescribed by rule of the Department.

College, Career, Workforce, and Military Readiness component

The bill eliminates the requirement that the Department analyze data from the post-secondary readiness performance measure in the 2021-2022 to 2023-2024 school years and develop rules for a method to assign a performance rating to the College, Career, Workforce, and Military Readiness (CCWMR) component based on that measure. The bill also eliminates a related requirement that the method not include a tiered structure or per student bonuses. The bill eliminates requirements for the Department to propose rules for a method to assign a performance rating on the CCWMR component, submit the rules to the Joint Committee on Agency Rule Review (JCARR) for approval, and begin assigning performance ratings for the CCWMR component and factoring it into a district's or building's overall performance rating for the 2024-2025 school year only if JCARR approves the rules.

Instead, the bill requires the Department to include the CCWMR component as report-only data on school district and school building report cards for the 2024-2025 school year. Beginning with the 2025-2026 school year, the bill requires the Department to assign a performance rating to the CCWMR component and factor it into the calculation for a school district's or building's report card.

The bill retains a requirement for the method used to assign performance ratings on the CCWMR component that a district or building may not receive less than three stars for the component if the district's or building's performance on the component meets or exceeds a level of improvement set by the Department. To account for this requirement, continuing law permits more than half of the total districts and buildings may receive a performance rating of three stars on the component.

Educational Regional Service System

(R.C. 3312.01, 3312.07, 3312.08, 3312.09, 3312.10, and 3312.13; R.C. 3312.02, 3312.03, 3312.04, 3312.05, and 3312.06 (repealed); R.C. 3312.02, repealed and reenacted)

The Educational Regional Service System (ERSS) was established by H.B. 115 of the 126th General Assembly and became operational on July 1, 2007. H.B. 115 created the 16-region system to provide support services to school districts, community schools, and chartered nonpublic schools and to generally support state and regional education initiatives and efforts to improve school effectiveness and student achievement. The bill modifies the purpose, makeup, regions, and procedures for ERSS.

Initiatives

(R.C. 3312.01)

In addition to supporting state and regional "education initiatives," to improve school effectiveness and student achievement, as required under continuing law, the bill also requires ERSS to support workforce development initiatives. The bill also requires ERSS to provide support and technical assistance to improve school effectiveness and student achievement.

The bill eliminates law establishing the intent for ERSS to reduce the unnecessary duplication of programs and provide for a more streamlined and efficient delivery of educational services without reducing the availability of the services districts and schools need.

Service Providers

(R.C. 3312.01)

The bill expressly includes as service providers under ERSS career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges. Continuing law already includes educational service centers (ESCs), information technology centers, and "other regional education service providers." The bill clarifies that "other regional education service providers" are determined by the Department.

Services for STEM schools

(R.C. 3312.01 and 3312.10)

The bill requires ERSS services, including special education and related services, to be provided to STEM schools. Under continuing law, ERSS services must be provided to school districts, community schools, and chartered nonpublic schools.

The bill also permits STEM schools to enter into an agreement with the governing authority of an information technology center, which school districts and community schools may do under continuing law.

Regions

(Repealed and reenacted R.C. 3312.02; conforming changes in R.C. 3312.01)

The bill eliminates the 16 statutorily established ERSS regions and instead requires the Department to establish and designate the boundaries of up to 16 new regions within 180 days

of the bill's effective date. The Department must notify affected regions of subsequent changes at least 90 days before the fiscal year in which those changes will take effect.

Regional advisory councils

(R.C. 3312.01, 3312.08, 3312.09, 3312.13; repealed R.C. 3312.03, 3312.04, 3312.05, and 3312.06)

The bill eliminates ERSS regional advisory councils and subcommittees.

Under current law, each ERSS region is required to have an advisory council composed of representatives from regional ESCs, school districts, institutions of higher education, and the treasurer of the fiscal agent for the region. Current law requires each advisory council to:

- Identify regional needs and priorities for educational services that the Department may use to develop performance contracts entered into by the fiscal agent of the region;
- Develop policies to coordinate the delivery of services in a manner that responds to regional needs and priorities;
- Make recommendations to the fiscal agent regarding the expenditure of funds for implementation of state and regional education initiatives and school improvement efforts;
- Monitor implementation of state and regional education initiatives and school improvement efforts by ESCs, information technology centers, and other regional service providers to ensure that the terms of the performance contracts entered into by the fiscal agent are met;
- Establish an accountability system to evaluate the council on its performance of the duties described above; and
- Establish specialized subcommittees of the council.

Fiscal agents and performance contracts

(R.C. 3312.01, 3312.07, 3312.08, 3312.09, and 3312.13)

The bill permits career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges to be the fiscal agent for an ERSS region. It also permits the Department to select an entity located in another ERSS region to be a fiscal agent for a region where no entity responded to or met the requirements in the Department's request for proposals. Under continuing law, a school district or educational service center may serve as a region's fiscal agent.

Under continuing law, the Department must select entities to serve as a region's fiscal agent based on certain criteria. The bill modifies one of these criteria by requiring an entity to provide an assurance it will limit aggregate fees for administering a performance contract to 5% of the contract's value, rather than a demonstrated intent to limit those fees to 7% as under current law.

Performance contracts

(R.C. 3312.07 and 3312.09)

Under continuing law, each ERSS fiscal agent must enter performance contracts with the Department to implement the state and regional education initiatives and school improvement efforts and to disburse ERSS funding. Each performance contract must include the aggregate fees to be charged by the fiscal agent and its subcontractors to cover personnel and program costs associated with administering the contract. The bill decreases the threshold to require Controlling Board approval of those such costs from 4% to 3% of the value of the performance contract.

State law also prescribes certain factors the Department must consider when entering performance contracts with a fiscal agent. The bill eliminates the requirement that the Department consider the services that will be provided in an ERSS region from the Department's system of intensive, ongoing support for the improvement of school districts and school buildings before entering a performance contract.[48]

Competency-based adult education programs

(R.C. 3313.902, 3314.38, and 3345.86, all repealed and reenacted; R.C. 3317.036, 3317.23, 3317.231, and 3317.24, all repealed; conforming changes in R.C. 3317.01; Section 733.20)

Eliminate existing programs

The bill eliminates the Adult Diploma Program and 22+ Adult High School Diploma Program. The bill allows individuals enrolled in those programs to complete their program in accordance with its requirements prior to its repeal, so long as they complete it by June 30, 2027. Alternatively, it allows an individual to instead complete a competency-based program as established in this bill. The Department is required to pay an eligible institution or eligible provider as required by the program an individual completes.

Competency-based educational programs

Definition

Under the bill, a "competency-based educational program" is any system of academic instruction, assessment, grading, and reporting in which individuals receive credit based on demonstrations and assessments of their learning rather than the amount of time they spend studying a subject. A competency-based educational program must encourage accelerated learning among individuals who master academic materials quickly while providing additional instructional support time for individuals who need it.

Providers

The bill permits a city, local, or exempted village school district or community school that operates a dropout prevention and recovery program, a joint vocational school district that operates an adult education program, a community college, a state community college, a

[48] R.C. 3302.04, not in the bill.

technical college, a university branch campus, or an Ohio technical center ("provider") to establish a competency-based educational program for eligible individuals to earn a high school diploma.

An individual is eligible to enroll in a competency-based education program if they are at least 18 years old, have officially withdrawn from school, and have not been awarded a high school diploma or certificate of high school equivalence. Eligible individuals are prohibited from being assigned to classes or setting with individuals who are under 18 years old.

A provider may enroll an individual for up to three consecutive school years. In the event of a hardship experienced by the individual, a provider may request that the Department allow additional time to meet the diploma requirements.

A provider must comply with standards adopted by the Department and establish a career plan for each individual enrolled in the program that specifies their career goals and describes how the individual will demonstrate competency or earn course credits to earn a diploma and attain career goals.

The provider must report each individual enrolled in this program to the Department. Further, the provider must contact each diploma recipient to collect data on the individual's career outcomes at 6, 12, and 18 months after the diploma is awarded. This must include whether the individual is gainfully employed, participating in an apprenticeship, enrolled in postsecondary education, or servicing in the military, and the data collected must be reported to the Department.

High school diploma requirements

An individual enrolled in a program may earn a diploma by either completing three demonstrations of competency or completing two demonstrations of competency and completing course credits in specified subject areas.

Demonstrations of competency include:

1. Attaining a competency score, as determined by the Department, on the Algebra I or English language arts II end-of-course exams;

2. Attaining a workforce readiness score, as determined by the Department, on the nationally recognized job skills assessment (WorkKeys);

3. Obtaining an industry-recognized credential, or group of credentials, that qualify the student for a high school diploma or an industry-recognized credential that is aligned to a technical education program provided by Ohio technical center;

4. Earning a cumulative score of proficient or higher on three or more state technical assessments (WebXams);

5. Completing a pre-apprenticeship program aligned with the student's career field and then providing evidence of acceptance into a registered apprenticeship in that field, or completing an apprenticeship registered with the Ohio State Apprenticeship Council;

6. Completing 250 hours of work-based learning experience with evidence of positive evaluations; or

7. Obtaining an OhioMeansJobs-readiness seal.

The course credits include:

1. Four credits in English language arts;

2. Four credits of math, one credit of which may be a career-based math course aligned to the individual's career plan;

3. Three credits in science;

4. Three credits in social studies; and

5. One-half credit in financial literacy, which may be applied to the number of math or social studies credits.

An individual who qualifies for a diploma using three demonstrations of competency must either attain a competency score on Algebra I and English language arts II end-of course exams or attain a workforce readiness score on the WorkKeys. A student who qualifies for a diploma using two demonstrations of competency and course credits may use any two demonstrations of competency.

Department responsibilities

The bill requires the Department to adopt rules as necessary to administer the program, such as program standards, requirements for determining amounts paid to providers, and guidelines for approving hardship requests for program participants. Annually, the Department must certify the enrollment and attendance of each individual and pay the provider up to $7,500 per school year based on the extent of the individual's completion of diploma requirements. The Department must award a high school diploma to enrolled individuals who successfully qualifies for one under the program.

Free school breakfast and lunch

(R.C. 3313.8110, 3314.03, and 3326.11)

The bill requires each school district, community school, and STEM school that participates in the federal school breakfast or lunch program and has an identified student percentage of 25% or more to participate in the Community Eligibility Provision (CEP) and provide a free breakfast or lunch, respectively, to each enrolled student. If a school or district determines it cannot, for financial reasons, comply with the requirement, it may choose not to do so. If it chooses not to provide breakfast or lunch under the bill, it must publicly communicate that fact in the manner it chooses to its residents.

Consistent with federal law, "identified student percentage" is the percentage of enrolled students who automatically qualify for free school lunch based on their household's participation in specific means-tested benefits programs, such as SNAP, or the student's status as a foster, homeless, migrant, or runaway child or Head Start enrollee. Districts and schools that adopt CEP

provide free breakfast and lunch to all enrolled students without collecting household applications and are reimbursed using a formula based on the identified student percentage.[49]

Payment of tuition for students in residential treatment facilities

(R.C. 3313.64)

The bill addresses payment of tuition for educational services when a child is placed in a home located in a district different from the district in which the child's parent resides (or a similarly licensed facility in another state). For purposes of determining district residency, a "home" is a foster home, a group home, or a residential facility. In this case, the school district in which a child's parent resides must pay tuition to the home or facility if (1) the child was parentally placed in the home or facility in consultation with, and upon the recommendation of, the Ohio Resilience through Integrated Systems and Excellence Program (OhioRISE) and (2) the home or facility provides education services that meet the minimum standards established by the Director of the Department (or substantially similar requirements of the jurisdiction in which an out-of-state facility is located), except that reduction in the minimum number of instructional hours is permitted only as necessary to accommodate the child's treatment program.

Notice of admission and collaborative reentry plan

When a child is admitted to a home or out-of-state facility, the home or out-of-state facility must notify the district where the child's parent resides and the district where the home is located that the home or facility will be provided educational services to the child until the child is discharged. When the child is discharged, the home or facility must notify the district where the child's parent resides and collaborate on a supportive reentry plan.

Payment structure

The bill requires the district where the parent resides to continue to enroll the student and excuse the child from attendance until the child is discharged. The total educational cost the district must pay will be determined by a formula approved by the Department. The Department must design the formula to calculate a per diem cost for the educational services provided each day. The formula also must reflect the total actual cost incurred in providing those services. The Department must certify that cost to both the home or facility and the district responsible for tuition. The bill requires the Department to deduct the certified amount from the state basic aid funds payable to the responsible district and pay that amount to the home or facility. The district must continue to report the child in its enrollment for funding purposes.

Change in parent's residence

The bill provides that if the parent's residence changes during the child's stay the Department may re-determine the responsible school district based on evidence provided by the district currently responsible for tuition.

[49] 42 U.S.C. 1759a(a)(1)(F) and 7 C.F.R. 245.6.

Discharge procedures

When a child is discharged, the home or facility must immediately notify the responsible district and the Department and provide both parties with a certified transcript of all coursework completed during the child's admission. The responsible district must accept all completed coursework and award credit in accordance with the district's

Diploma requirements

When a high school student is discharged and returns to the parent's residence, the child must meet requirements for receiving a high school diploma that are no more stringent than those that apply to students who enroll in a public or chartered nonpublic high school after receiving a home education.[50]

State scholarship recipients

Finally, the bill exempts a school district from the responsibility to pay tuition for a child admitted to a home or facility who has been awarded a state scholarship.

Background

OhioRISE (Resilience through Integrated Systems and Excellence) is a specialized Medicaid managed care program for youth with complex behavioral health and multisystem needs. While some mental health and substance use services are covered under Medicaid, others are not, nor are they generally covered by private insurance. The resulting financial burden forced some families to surrender custody of their child to a public children services agency to enable the child to access care. One of the goals of OhioRISE is to prevent custody relinquishment.

School bus driver training

(R.C. 3327.101)

The bill requires, by July 1, 2026, employed school bus and motor van drivers to complete six hours of in-service training annually, rather than the four hours required under current law. The Department must develop the curriculum for the in-service training and approve training providers for that curriculum. Under the Department's current rules, the in-service training is based on a needs assessment and may include topics like school bus and commercial driver's license requirements, equipment and care, pupil management (including bullying behaviors), safety and emergency procedures, motor vehicle laws, radio and cellphone usage, and detailed route sheets, among other topics.[51]

The bill also authorizes the classroom portion of school bus driver recertification training to be conducted online. Under current law, online courses are authorized for pre-service training and the annual in-service training. The on-the-bus portion of training for all drivers must still be conducted in person.

[50] See R.C. 3313.618; R.C. 3321.042, not in the bill.

[51] O.A.C. 3301-83-10(B).

OHIO ELECTION COMMISSION

Candidate filing fees

- Increases the candidate filing fees for certain offices by $5 to $10, depending on the office.
- Directs the increased fees to the Ohio Elections Commission Fund, which is used to enforce the Campaign Finance Law.

Candidate filing fees

(R.C. 3513.10)

The bill increases the candidate filing fees for certain offices and directs the increased fees to the Ohio Elections Commission (ELC) Fund, which ELC uses to support its operations to enforce the Campaign Finance Law.

Under continuing law, candidates pay two separate fees upon filing to run for office:

1. A fee that goes to the GRF in the case of candidates who file with the Secretary of State, or to the county's general fund in the case of candidates who file with the board of elections;

2. A fee that goes to the ELC Fund.

The bill increases the second fee for most candidates by $5 to $10, depending on the office, as follows:

Candidate filing fees				
Office	**Continuing state or county fee**	**Current ELC fee**	**ELC fee increase under the bill**	**Total fee**
Statewide office, including joint candidates for Governor and Lieutenant Governor	$100	$50	+ $10	$150 → $160
District office, other than State Board of Education	$50	$35	+ $5	$85 → $90
State Board of Education member	$20	$35	+$5	$55 → $60
Court of Appeals judge	$50	$30	+$10	$80 → $90
Common pleas judge	$50	$30	+$10	$80 → $90
County court judge	$50	$30	+$5	$80 → $85
Municipal court judge	$50	$30	+$5	$80 → $85

Candidate filing fees				
Office	**Continuing state or county fee**	**Current ELC fee**	**ELC fee increase under the bill**	**Total fee**
County office	$50	$30	+$5	$80 → $85
City office	$20	$25	+$5	$45 → $50
Village office	$10	$20	None	$30
Township office	$10	$20	None	$30
Local school board member	$10	$20	None	$30

ENVIRONMENTAL PROTECTION AGENCY

Solid waste and construction & demolition debris (C&DD) fees

- Revises and reallocates the current solid waste transfer and disposal fees (while maintaining the total fees charged at $4.75 per ton).
- Makes all solid waste transfer and disposal fees, which are scheduled to sunset on June 30, 2026, permanent.
- Imposes the revised and reallocated fee structure that applies to the transfer and disposal of solid waste to construction and demolition debris (C&DD) that is transferred or disposed of at a solid waste transfer facility or solid waste disposal facility.
- Consequently, eliminates the requirement that solid waste facilities collect C&DD disposal fees on the disposal of C&DD at those facilities.
- Revises the remittance procedures for fees collected on the disposal of C&DD and asbestos or asbestos-containing material at a C&DD facility.

Environmental fees

- Makes permanent various Ohio Environmental Protection Agency (OEPA)-administered fees (several of which the amounts are changed by the bill) under the laws governing air pollution control, water pollution control, safe drinking water, and scrap tires.
- Increases, by 50%, fees related to OEPA's air pollution control program, including fees for facility permits to install and annual fees that are based on total air pollution emissions or emission capacity.
- Creates an annual $5,000 flat fee charged to synthetic minor facilities and Title V air pollution control permit holders in addition to the existing emission-based annual fees.
- Eliminates the $140 infectious waste generator registration application and renewal fee.
- Eliminates the application fee of .5% of the total exempt facility project costs, not to exceed $2,000, for an industrial water pollution control facility that files for a certificate to exempt the facility from certain taxes.
- Eliminates a $500 application fee for an industrial water pollution control certificate that applied to industrial water pollution control facilities under law in effect until June 26, 2003.

Public water supply system fees

- Authorizes the OEPA Director to adopt rules to allow the current administrative service fee that political subdivisions or investor-owned public utilities pay that enter into certain connection or distribution agreements with the OEPA to be charged to any entity applying for a public water supply system plan approval for either of the following:
  - Extensions of distribution facilities; or

- Increases in the number of service connections.

- Specifies that the administrative service fee would be paid in lieu of the $150 + 0.35% of the estimated project cost fee that is currently charged to those entities.

Solid waste – community impact analysis and meetings

- Requires a person proposing to open a new solid waste facility or to modify an existing solid waste facility, when making application for a permit, to submit with the application a community impact analysis.

- Requires an applicant to comply with various application, notice, and procedural requirements prior to the issuance of such a permit, including holding a public community involvement session and providing information about the community impact analysis at the session.

Solid waste or infectious waste treatment facility permit notification

- Allows the OEPA Director to give notification of the public hearing regarding a solid waste facility permit application or infectious waste treatment facility permit application either via newspaper publication or publication on the OEPA website instead of only in a newspaper as in current law.

Removal of solid waste or construction and demolition debris

- Allows the OEPA Director to take various actions regarding accumulations of solid waste and C&DD in the same manner that the Director may take those actions with respect to scrap tires under current law.

- Specifies that those actions include:

  - Issuing an order to the responsible person directing that person to remove the accumulation of solid waste or C&DD from a premises and transport the removed material to the proper facility;

  - Taking actions to remove and manage the solid waste or C&DD, such as transporting the removed material to the proper facility, if the recipient fails to comply with the removal order; and

  - Authorizing the Director to collect costs incurred by OEPA for conducting the removal action by having a lien placed on the property where the accumulation of solid waste or C&DD was removed or requesting the Attorney General to bring a civil action against the proper person.

- Modifies the enforcement and removal action priority list for scrap tires in current law to account for actions concerning solid waste or C&DD.

- Exempts a property owner from liability for scrap tire removal costs and prohibits a lien from being placed on the property, for the removal of at least 100 scrap tires aggregated from multiple properties when collected during an OEPA-approved community cleanup event.

- Exempts a county, municipal corporation, township, or county land reutilization corporation from liability for scrap tire removal costs for the removal of up to 10,000 scrap tires, or more at the OEPA Director's discretion, and prohibits a lien from being placed on the property when the scrap tires were placed on the property prior to acquisition.

E-Check extension

- Extends the motor vehicle inspection and maintenance program (E-Check) in the counties where this program is implemented by:
  - Authorizing the OEPA Director to request the DAS Director to extend the existing contract with the contractor that conducts the program beginning July 1, 2025, for a period of up to 24 months until June 30, 2027; and
  - Subsequently authorizing the OEPA Director to request the DAS Director to extend the contract for an additional 24 months until June 30, 2029.
- Specifies that a decentralized E-Check contract must achieve "an equivalent amount of emissions reductions" as the centralized program authorized by the contract specified above, rather than "at least the same emissions reductions" as the centralized contract as in current law.

Isolated wetlands

- Replaces the current preferred order for the mitigation of the proposed filling of an isolated wetland that is subject to level one, level two, or level three review with the following preferred order:
  - Purchasing credits at an approved wetland mitigation bank;
  - Purchasing credits at an approved in-lieu mitigation program; and
  - Constructing individual mitigation projects.
- Allows a deviation from the above preferred order if the OEPA Director determines, or the applicant demonstrates, that the size or quality of the impacted resource or the lack of available mitigation credits necessitates a change in that order.
- Requires information related to high-quality waters that must be submitted for purposes of level two or level three review of a proposed filling of isolated wetlands to include a listing of all waters on site and the proposed buffers on avoided resources.
- Requires the OEPA Director to adopt rules governing the approval and use of wetland mitigation banks and in-lieu fee mitigation programs.

Environmental Protection Remediation Fund

- Allows the OEPA Director, through employees or contractors, to enter upon land when performing a remediation at a facility or location where money from the Environmental Protection Remediation Fund may be spent.

- Adds money collected from judgments brought under the air pollution control law to the Environmental Protection Remediation Fund.

Solid waste and construction & demolition debris (C&DD) fees

(R.C. 3714.07, 3714.073, and 3734.57)

The bill revises and reallocates the current solid waste transfer and disposal fees (while maintaining the total fee charged at the point of transfer or disposal at $4.75 per ton) as follows:

1. Reduces a 71¢ per ton fee to 55¢ per ton and allocates the proceeds as follows:

a. 9¢ per ton, rather than 11¢ per ton, to the Hazardous Waste Facility Management Fund, which must be used by the Ohio Environmental Protection Agency (OEPA) to administer the hazardous waste program;

b. 46¢ per ton, rather than 60¢ per ton, to the Hazardous Waste Clean-Up Fund, which must be used by OEPA to administer hazardous waste clean-up programs.

2. Increases a 90¢ per ton fee to $1.35 per ton and allocates the proceeds as follows:

a. 90¢ per ton, as currently allocated, to the Waste Management Fund, which is used by OEPA to administer and enforce laws governing solid and infectious waste and construction and demolition debris;

b. A new 45¢ per ton allocation to be transmitted to the approved board of health of the health district in which the facility that collects the fee is located.

3. Reduces, from $2.81 per ton to $2.15 per ton, the fee that is deposited in the Environmental Protection Fund, which is used by OEPA to administer and enforce environmental protection laws;

4. Maintains the current 25¢ per ton fee that is used to provide assistance to soil and water conservation districts;

5. Reduces, from 8¢ per ton to 6¢ per ton, the fee that is deposited in the National Priority List Remedial Support Fund;

6. Reallocates a portion of the reduced fees above as follows:

a. 18¢ per ton to the Recycling and Litter Prevention Fund, which is used by OEPA to administer recycling programs;

b. 21¢ per ton to the Environmental Protection Remediation Fund, which is used by the OEPA to remediate conditions that pose a threat to public health or safety or the environment at a solid waste, C&DD, or hazardous waste facility.

Under current law, all existing solid waste transfer and disposal fees are scheduled to sunset on June 30, 2026. The bill makes these fees, as well as the new fees referenced above, permanent.

In addition, the bill imposes the revised and reallocated fee structure that applies to the transfer and disposal of solid waste to C&DD that is transferred or disposed of at a solid waste transfer facility or solid waste disposal facility. Consequently, it eliminates the requirement that solid waste facilities collect C&DD disposal fees on the disposal of C&DD at those facilities.

The bill revises the remittance procedures for fees collected on the disposal of C&DD and asbestos or asbestos-containing material at a C&DD facility as follows:

1. Allows a board of health and the OEPA Director to enter into an agreement for OEPA to collect C&DD disposal fees on behalf of the board;

2. Requires a municipal corporation, township, or county that appropriates money from C&DD disposal fees to mail a certified copy of the ordinance or resolution providing for the appropriation to the OEPA Director, in addition to mailing it to the applicable board of health as in current law.

Environmental fees

(R.C. 3745.11 and 3734.901)

The bill makes permanent various OEPA-administered fees (some of which the amounts are changed by the bill) under the laws governing air pollution control, water pollution control, safe drinking water, and scrap tires. The following table sets forth each fee, its purposes, the time period OEPA is authorized to charge the fee under current law, and the bill's changes to each fee:

Type of fee	Description	Fee period under current law	Fee change under the bill
Synthetic minor facility: emission fee	Each person who owns or operates a synthetic minor facility must pay an annual fee in accordance with a fee schedule that is based on the sum of the actual annual emissions from the facility of particulate matter, sulfur dioxide, nitrogen dioxide, organic compounds, and lead. A synthetic minor facility is a facility for which one or more permits to install or permits to operate have been issued for the air contaminant source at the facility that include terms and conditions that lower the facility's potential to emit air contaminants below the major source thresholds established in rules.	The fee is required to be paid through June 30, 2026.	The bill increases each fee in the fee schedule by 50%, makes that fee permanent, and adds an additional $5,000 application fee.
Wastewater treatment works:	A person applying for a plan approval for a wastewater treatment works is	An applicant is required to pay the tier one fee through June 30, 2026, and	The bill increases this fee by combining the tier one fee and the

Type of fee	Description	Fee period under current law	Fee change under the bill
plan approval application fee	required to pay one of the following fees depending on the date: ▪ A tier one fee of $100 plus 0.65% of the estimated project cost, up to a maximum of $15,000; or ▪ A tier two fee of $100 plus 0.2% of the estimated project cost, up to a maximum of $5,000.	the tier two fee on and after July 1, 2026.	tier two fee, but retains the $15,000 cap. It also makes this fee permanent.
Discharge fees for holders of NPDES permits	Each NPDES permit holder that is a public discharger or an industrial discharger with an average daily discharge flow of 5,000 or more gallons per day must pay an annual discharge fee based on the average daily discharge flow. There is a separate fee schedule for public and industrial dischargers.	The fees are due by January 30, 2024, and January 30, 2025.	The bill makes the fees and the fee schedules permanent.
Surcharge for major industrial dischargers	A holder of an NPDES permit that is a major industrial discharger must pay an annual surcharge of $7,500.	The surcharge is required to be paid by January 30, 2024, and January 30, 2025.	The bill makes the surcharge permanent.
Discharge fee for specified exempt dischargers	One category of public discharger and eight categories of industrial dischargers that are NPDES permit holders are exempt from the annual discharge fees that are based on average daily discharge flow. Instead, they are required to pay an annual discharge fee of $180.	The fee is due by January 30, 2024, and January 30, 2025.	The bill makes the annual discharge fee permanent.
License fee for public water system license	A person is prohibited from operating or maintaining a public water system without an annual license from OEPA. Applications for initial licenses or license renewals must be accompanied by a fee, which is calculated using schedules for the three basic categories of public water systems.	The fee for an initial license or a license renewal applies through June 30, 2026, and is required to be paid annually in January.	The bill makes permanent the initial license and license renewal fee.

Type of fee	Description	Fee period under current law	Fee change under the bill
Fee for plan approval to construct, install, or modify a public water system	Anyone who intends to construct, install, or modify a public water supply system must obtain approval of the plans from OEPA. The fee for the plan approval is $150 plus 0.35% of the estimated project cost. However, continuing law sets a cap on the fee.	The cap on the fee is $20,000 through June 30, 2026, and $15,000 on and after July 1, 2026.	The bill makes permanent the $20,000 cap.
Fee on state certification of laboratories and laboratory personnel	In accordance with two schedules, OEPA charges a fee for evaluating certain laboratories and laboratory personnel. An additional provision states that an individual laboratory cannot be assessed a fee more than once in a three-year period unless the person requests the addition of analytical methods or analysts, in which case the person must pay $500 for each additional survey requested.	The schedule with higher fees applies through June 30, 2026, and the schedule with lower fees applies on and after July 1, 2026. The $500 additional fee applied through June 30, 2026.	The bill makes permanent the higher fee schedule and the additional $500 fee.
Fee for examination for certification as an operator of a water supply system or wastewater system	A person applying to OEPA to take an examination for certification as an operator of a water supply system or a wastewater system (class A and classes I-IV) must pay a fee at the time an application is submitted in accordance with a statutory schedule.	A schedule with higher fees applied through November 30, 2026, and a schedule with lower fees applied on and after December 1, 2026.	The bill makes permanent the higher fee schedule.
Application fee for a permit (other than an NPDES permit), variance, or plan approval	A person applying for a permit (other than an NPDES permit), a variance, or plan approval under the Safe Drinking Water Law or the Water Pollution Control Law must pay a nonrefundable fee.	If the application is submitted through June 30, 2026, the fee is $100. The fee is $15 for an application submitted on or after July 1, 2026.	The bill makes permanent the $100 fee.
Application fee for an NPDES permit (S)(1)(b)(i)	A person applying for an NPDES permit must pay a nonrefundable application fee.	If the application is submitted through June 30, 2026, the fee is $200. The fee	The bill makes permanent the $200 fee.

Type of fee	Description	Fee period under current law	Fee change under the bill
		is $15 for an application submitted on or after July 1, 2026.	
Fees on the sale of tires	A base fee of 50¢ per tire is levied on the sale of tires to assist in the cleanup of scrap tires. An additional fee of 50¢ per tire is levied to assist soil and water conservation districts.	Both fees are scheduled to sunset on June 30, 2026.	The bill makes both fees permanent.

Additional air pollution control fee increases

(R.C. 3745.11)

The bill increases, by 50%, the fees related to OEPA's air pollution control program, specifically for permits to install. It also creates an annual $5,000 flat fee charged to Title V air pollution control permit holders in addition to the existing emission-based annual fees.

Infectious waste generator fee

(R.C. 3745.021)

The bill eliminates the $140 infectious waste generator registration application and renewal fee. Under current law, each generator of 50 pounds or more of infectious waste in any one month must register with OEPA.

Industrial water pollution control facility certificate

(R.C. 3745.11(P); conforming changes in R.C. 3734.05, 3734.79, 5709.212, 6111.01, and 6111.04)

The bill eliminates the application fee of .5% of the total exempt facility project costs, not to exceed $2,000, for an industrial water pollution control facility that files for a certificate to exempt the facility from certain taxes. Additionally, it eliminates a $500 application fee for an industrial water pollution control certificate that applied to industrial water pollution control facilities under law in effect until June 26, 2003.

Public water supply system fees

(R.C. 3745.11(N))

The bill authorizes the OEPA Director to adopt rules allowing the current administrative service fee that political subdivisions or investor-owned public utilities pay that enter into certain

connection or distribution agreements with the OEPA[52] to be charged to any entity applying for a public water supply system plan approval for either of the following:

1. Extensions of distribution facilities; or

2. Increases in the number of service connections.

It also specifies that the administrative service fee must be paid in lieu of the $150 + 0.35% of the estimated project cost fee that is currently charged to those entities.

Solid waste – community impact analysis and meetings

(R.C. 3734.05)

The bill requires a person proposing to open a new solid waste facility or to modify an existing solid waste facility, when making application for a permit, to submit with the application a community impact analysis that does both of the following:

1. Evaluates the impact of the proposed solid waste disposal facility on the local economy; and

2. Considers mitigation measures to minimize adverse impacts on the host community.

It also requires the applicant to do all of the following:

1. Maintain a publicly accessible website that includes the permit application and supporting documents, the community impact analysis, and public involvement information;

2. At least 30 days before holding the public meeting on the application required under current law, use best efforts to notify property owners of record, who are located within three miles of the proposed facility, of the date, time, and location of the applicant's public meeting;

3. Within 270 days after submitting the transcript of the applicant's public meeting to the OEPA Director as required under current law, hold a public community involvement session on the application within the county in which the solid waste facility is located or within a contiguous county;

4. At least 30 days before holding the public community involvement session, use best efforts to notify all property owners of record, who are located within three miles of the proposed facility, of the date, time, and location of the session;

5. At least 30 days before holding the public community involvement session, publish notice of the meeting in each newspaper of general circulation in the county in which the facility is located;

6. At the public community involvement session, provide information about and describe the application and community impact analysis and respond to comments or questions concerning the application and community impact analysis; and

[52] See R.C. 6109.07(A)(2), not in the bill.

7. Within 30 days after the public community involvement session, provide the OEPA Director with a copy of a transcript of the full session and copies of any exhibits, displays, or other materials presented by the applicant at the session.

Under the bill, any person, at the public community involvement session, may submit written or oral comments on or objections to the application or community impact analysis.

Solid waste or infectious waste treatment facility permit notification

(R.C. 3734.05)

The bill also allows the OEPA Director to give notification of the public hearing regarding a solid waste facility permit application or infectious waste treatment facility permit application either via newspaper publication or publication on the OEPA website instead of only in a newspaper as in current law.

Removal of solid waste or construction and demolition debris

(R.C. 3734.85)

The bill allows the OEPA Director to take various actions regarding accumulations of solid waste and C&DD in the same manner that the Director may take those actions with respect to scrap tires under current law. The bill specifies that those actions include the following:

- Issuing an order to the responsible person directing the person to remove solid waste or C&DD from a premises and transport the removed material to the proper facility;
- Taking actions to remove and manage the solid waste or C&DD, such as transporting the removed material to the proper facility, if the recipient fails to comply with the removal order; and
- Authorizing the OEPA Director to collect costs incurred by OEPA for conducting the removal action by having a lien placed on the property where the accumulation of solid waste or C&DD was removed or requesting the Attorney General to bring a civil action against the proper person.

Additionally, the enforcement and removal action priority list for scrap tires removal actions in existing law is modified to account for actions concerning solid waste or C&DD. The new priority list is as follows: (1) accumulations of scrap tires, solid waste, or C&DD that the OEPA Director finds constitutes a fire hazard or threat to public health, (2) accumulations of scrap tires determined by the Director to contain more than 1 million scrap tires, (3) accumulations of scrap tires, solid waste, or C&DD in densely populated areas, (4) other accumulations of scrap tires, solid waste, or C&DD that the Director or a board of health of the health district in which the accumulation is located determines constitute a public nuisance, and (5) any other accumulations present on a premises without a valid C&DD facility, solid waste facility, or scrap tire facility license.

The bill applies a provision stating that the scrap tire removal law described above does not restrict any person's statutory or common law right to enforce or seek enforcement of any

law applicable to the management of scrap tires, abating a nuisance, or seeking any other appropriate relief to also include any law applicable to the management of solid waste or C&DD.

Exemptions

The bill exempts an owner of real property from liability for scrap tire removal costs, and prohibits a lien from being placed on the property, for the removal of at least 100 scrap tires that were aggregated on the owner's property from multiple other properties when the scrap tires are collected during an OEPA-approved community cleanup event. Existing law prohibits the OEPA Director from taking a removal action against a premises where not more than 100 scrap tires are present.

The bill also exempts a county, municipal corporation, township, or county land reutilization corporation from liability for scrap tire removal costs for the removal of up to 10,000 scrap tires, or more at the OEPA Director's discretion, and prohibits a lien from being placed on the property when the scrap tires were placed on the property prior to acquisition.

Environmental Protection Remediation Fund

(R.C. 3734.281 and 3734.283)

The bill allows the OEPA Director, through OEPA employees or contractors, to enter upon land when performing a remediation at a facility or location for which money from the Environmental Protection Remediation Fund (EPRF) can be spent for any of the following purposes:

- Conducting remediation activities funded by the EPRF;
- Performing sampling and monitoring;
- Abating or preventing air or water pollution or soil contamination from the facility or location;
- Performing remediation activities; and
- Removing, transporting, and disposing of waste or debris into a landfill authorized to accept the type of waste or debris being disposed.

Current law allows the OEPA Director to conduct such investigations and make such inquiries as are reasonable or necessary to determine if a facility or property that treated stored, or disposed of hazardous waste, or that disposed of solid waste or C&DD, has conditions that constitute a substantial threat to public health or safety or that cause or threaten to cause or contribute to air or water pollution or soil contamination. To achieve these purposes, the Director or the Director's authorized representative can apply for a search warrant with a judge of the proper court of common pleas.

Additionally, current law requires the OEPA Director to endeavor to enter into an agreement with a property owner prior to beginning activities using payments from the Hazardous Waste Facility Management Fund, Hazardous Water Clean-up Fund, or EPRF (such as the closure or post-closure care of a solid waste or C&DD facility). The agreement with the property owner would specify the activities to be performed and authorize OEPA to enter on the

property and perform the specified activities. The agreement also may require the reimbursement of the state for the costs of the activities performed.[53]

The bill adds that money collected from judgements brought under the air pollution control law may be deposited in the EPRF. The EPRF currently includes money from judgments or settlements with the OEPA Director, including those associated with bankruptcies, related to actions brought under various OEPA administered laws, such as the C&DD law, the solid and hazardous waste law, and the water pollution control law. OEPA may use money in the EPRF to remediate conditions at a hazardous waste facility, solid waste facility, licensed C&DD facility, or another location where the Director has reason to believe there is a substantial threat to public health or safety or the environment.

E-Check extension

(R.C. 3704.14)

The bill continues the operation of the motor vehicle inspection and maintenance program (E-Check) in the seven counties in which it currently operates (Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit) by:

1. Authorizing the OEPA Director to request the Director of Administrative Services (DAS Director) to extend the existing contract (with the contractor that conducts the program) beginning July 1, 2025, for a period of up to 24 months; and

2. Authorizing the OEPA Director to request the DAS Director to subsequently extend the existing contract (with the contractor that conducts the program) beginning July 1, 2027, for a period of up to 24 months.

Existing law requires the OEPA Director to request the DAS Director to enter into a contract with a vendor to operate a decentralized E-Check program through June 30, 2027, with an option to renew the contract for a period of up to 24 months through June 30, 2029. The bill changes the existing law requirement that the contract ensure that the decentralized E-Check program achieve *at least the same* emission reductions as a contract with the contractor that conducts the centralized program. It instead specifies that the decentralized contract ensures *an equivalent amount of* emissions reductions as the centralized contract.

Isolated wetlands

(R.C. 6111.022, 6111.023, 6111.024, and 6111.027)

The bill replaces the preferred order for the mitigation of the proposed filling of an isolated wetland that is subject to level one, level two, or level three review with the following preferred order:

1. Purchasing credits at an approved wetland mitigation bank;

2. Purchasing credits at an approved in-lieu fee mitigation program; and

[53] R.C. 3734.20 to 3734.22, not in the bill.

3. Constructing individual mitigation projects.

However, the OEPA Director is permitted to require, or an applicant may seek, a deviation from the mitigation hierarchy described above if the Director determines, or the applicant demonstrates, that the size of quality of the impacted resource or the lack of available mitigation credits necessitates a change in the hierarchy.

Existing law requires a person to obtain a permit from the OEPA Director to fill an isolated wetland. Depending on the type and size of the wetland, the law subjects the proposed filling to level one, level two, or level three review, each with a preferred mitigation order. For example, isolated wetlands subject to level one review must conduct mitigation in the following preferred order: (1) on-site mitigation or mitigation at a mitigation bank located within the same U.S. Army Corps district as the impacted isolated wetland, and (2) in-lieu fee mitigation.

Isolated wetland level 2 and level 3 review

(R.C. 6111.023 and 6111.024)

For purposes of level two or level three review of a proposed filling of isolated wetlands, the bill adds that the information current law requires to be submitted indicating whether high quality waters are to be avoided by the proposed filling must include a listing of all waters on the site and the proposed buffers on avoided resources.

Wetland mitigation banks and in-lieu fee mitigation programs

(R.C. 6111.02 and 6111.025)

The OEPA Director is required under the bill to adopt rules governing the approval and use of wetland mitigation banks, including designating mitigation bank service areas, and in-lieu fee mitigation programs. A wetland mitigation bank or in-lieu fee mitigation program may then be approved via those rules. Current law requires approval in accordance with federal law. The rules are permitted to include: (1) application requirements and approval criteria, (2) mitigation plans, (3) performance standards, (4) monitoring requirements, (5) provisions for corrective measures, adaptive management and long-term protections, (6) credit sales, (7) financial assurances, and (8) any other provision determined by the OEPA Director.

As indicated above, existing law allows for the establishment of wetland mitigation banks and in-lieu fee mitigation programs for purposes of mitigating the proposed filling of isolated wetlands.

FACILITIES CONSTRUCTION COMMISSION

School facilities assistance programs

Classroom Facilities Assistance Program

- Requires the calculation of a school district's share for a Classroom Facilities Assistance Program project to be based solely on the required percentage based on the district's equity ranking.
- Requires a district that opts to segment its classroom facilities needs to calculate the required percentage based on equity ranking on the date the Controlling Board approves the first segment for both that segment and future segments.

Vocational School Facilities Assistance Program

- Permits the Facilities Construction Commission (FCC) to set aside a portion of its school facilities funds each biennium to assist at least two joint vocational school districts.

Major sports facilities and youth sports education funding

- Requires the FCC to administer the Sports Facilities Construction and Sports Education Fund ("fund") to support construction and renovation of major and minor league sports facilities throughout Ohio, and to support youth sports education.

Sports facilities definitions

- Defines a major sports facility as a facility designed for the use of a professional sports franchise from certain major sports leagues, the construction or renovation of which costs at least $1 billion (construction) or $100 million (renovation), of which 60% of the cost is supported by nonstate funds.
- Defines a major sports facility mixed-use project as a mixed-use project that includes the construction of a major sports facility, integrates retail, residential, recreational, or other uses, that has secured at least 60% of funding from non-state sources, and that is expected to generate increased sales tax revenue.
- Defines "minor league sports facility," except these facilities are for certain minor or independent teams, and must cost at least $50 million.
- Defines "youth sports education" as programs, instruction, or facilities primarily designed for use by Ohio students and that seek to encourage, teach, or enable lifelong health, physical readiness, and sports knowledges.
- Clarifies that "youth sports education" does not include the use of funds to construct public school facilities.

Ohio Advisory Committee for Sports Facility Construction and Youth Sports Education

- Creates the Ohio Advisory Committee for Sports Facility Construction and Youth Sports Education to evaluate and approve projects to be supported by the fund and administered by the FCC.
- Entitles public members to a per diem rate of $500 a day on the days they meet and entitles all members to actual and necessary expenses.
- Places certain ethical constraints on members' dealings and relationship with professional sports franchises and leagues.
- Requires the committee to recommend policies and procedures for the administration of the fund for review and adoption by the FCC.
- Requires projects to be awarded from the fund by a majority vote of the Committee.
- Requires the DEW Director, the DPS Director, the ODH Director, and the Adjutant General to advise the Committee.
- Permits the Committee to recommend criteria to the FCC to establish, and permits the FCC to implement, a grant program that facilitates the ability of Ohio communities to secure major sporting events to benefit Ohio economic growth, using the fund.
- Permits the Committee to recommend to the Tax Commissioner the creation of tax credits to support youth sports education.

Public improvements contracts

Electronic notices, advertisements, and filings

- Requires several types of notices or advertisements to be sent via electronic media.
- Requires the FCC to make copies of the plans, details, estimates of cost, and specifications available electronically.
- Removes the requirement that a public authority file a notice of commencement of a public improvement in affidavit form.
- Permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty by electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically.

Certificates of compliance with affirmative action programs

- Requires certificates of compliance with affirmative action programs to be no more than two years old to be valid, rather than 180 days.
- Allows a person to receive an updated certificate of compliance no more than once every two years, rather than 180 days.

Declaration of exigency

- Requires that, when the FCC Executive Director issues a declaration of public exigency at the request of a state agency, the director of the state agency, at the determination of the FCC Executive Director, must enter into a contract with the proper persons to address the exigency.

Building information modeling systems

- For public works contracts of $200,000 or more, permits a public authority to require an architect or engineer, in preparing plans, details, specifications, estimates, analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.
- Defines "building information model" as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

Public improvements contracts retainage and escrow

- For partial payments on a public improvements contract, decreases the public authority's required retainage amount from 8% of the contractor's estimate to 4% or less, but repeals a provision requiring the public authority to retain 0% after the job is 50% completed.
- Prohibits contractors from paying subcontractors at a retainage rate lower than the rate being paid to the contractor by the public authority.
- Repeals provisions of law requiring the public authority to deposit the retained amount in an escrow account.
- Clarifies that retained funds and the interest accrued by the funds is property of the contractor, and must be paid to the contractor not later than 30 days after the substantial completion of the work.

Expedited processes for design-build firms and managers at risk

- For contracts between public authorities and construction managers at risk or design-build firms, creates an expedited proposal and selection process for projects under $4 million, adjusted biannually for the rate of inflation by FCC.
- Permits construction managers at risk or design-build firms, for contracts under $4 million, to submit both an initial qualification proposal or statement along with a pricing proposal, instead of sending them in separate rounds.
- Requires the public authority to have a pre-proposal meeting with any such contractors who desire to jointly submit a statement or proposal and pricing proposal.
- Exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of work before accepting opening any bids for the same work when the public authority requests a guaranteed maximum price proposal due at the time of selection.

Indefinite delivery indefinite quantity contracts

- Permits a public authority to enter into an indefinite delivery indefinite quantity (IDIQ) contract without Controlling Board approval if the contract meets certain requirements.
- Permits the FCC to establish a list of prequalified vendors for IDIQ contracts.
- Requires the FCC to adopt rules that establish objective prequalification criteria for vendors; a process for public authorities to use the list of pre-qualified vendors; and the form, terms, and conditions of IDIQ contracts.

Integrated project delivery contracts

- Permits public authorities to enter into integrated project delivery contracts with integrated project contractors for capital projects, using selection and evaluation processes similar to existing design-build firm and professional design services contracts.

Application, evaluation, selection, and negotiation

- Requires public authorities, for integrated project delivery contracts, to evaluate and rank each applicant contractor, considering each contractor's proposed costs and qualifications, and enter into contract negotiations for integrated project delivery services with the highest ranked contactor.
- Requires the public authority, if it fails to negotiate a contract with the highest ranked contractor, to terminate the negotiations and move on to the second highest ranked contractor, and if that fails, the third, and so forth.
- Permits the public authority, if these subsequent negotiations fail, to select additional integrated project contractors to provide pricing proposals, or select an alternative delivery method for the project.

Project requirements

- Requires the integrated project contractor, before construction begins, to provide a surety bond to the public authority in accordance with rules adopted by the FCC Executive Director.
- Exempts integrated project delivery contracts from certain existing processes and requirements for capital contracts, replacing them with the bill's procedures.
- Requires integrated project contractors to establish criteria to prequalify prospective bidders on subcontracts, subject to the approval of the public authority and consistent with FCC rules.
- Requires the integrated project contractor to identify at least three prospective prequalified bidders (unless less than three exist), verified by the public authority, then solicit proposals from each bidder, under an open book pricing method.
- Clarifies that an integrated project contractor is not required to award a subcontract to a low bidder.

- Requires the FCC to adopt rules related to integrated project contractors and subcontractors.

Controlling Board exemptions

- Exempts from Controlling Board approval competitively bid contracts made by the FCC for the following services: construction management services, professional design services, criteria architect or engineer services, design-build services, and integrated project delivery services.

Expedited processes for design-build firms and managers at risk

- For contracts between public authorities and construction managers at risk or design-build firms, creates an expedited proposal and selection process for projects under $4 million, adjusted biannually for the rate of inflation by FCC.
- Permits construction managers at risk or design-build firms, for contracts under $4 million, to submit both an initial qualification proposal or statement along with a pricing proposal, instead of sending them in separate rounds.
- Requires the public authority to have a pre-proposal meeting with any such contractors who desire to jointly submit a statement or proposal and pricing proposal.
- Exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of work before accepting opening any bids for the same work when the public authority requests a guaranteed maximum price proposal due at the time of selection.

School facilities assistance programs

Classroom Facilities Assistance Program

(R.C. 3318.032)

The bill changes the calculation of the portion of the basic project cost a school district must supply for its Classroom Facilities Assistance Program (CFAP) project from the greater of either the required percentage based on its equity ranking or an amount necessary to raise the school district's net bonded indebtedness to a prescribed level, to just the required percentage based on its equity ranking.

It also requires a district that opts to segment its classroom facilities needs the required percentage based on its equity ranking on the date the Controlling Board approves the first segment for both that segment and future segments.

Vocational school facilities assistance program

(R.C. 3318.40 and 3318.12)

The bill changes how the Facilities Construction Commission (FCC) allocates funding for the Vocational School Facilities Assistance Program. Specifically, it eliminates the FCC's authority to annually set aside up to 2% of its aggregate funds to provide school facilities assistance to joint

vocational school districts (JVSDs). Instead, the bill permits the FCC to set aside a portion of its aggregate school facilities assistance funds each biennium to assist at least two JVSDs.

Background

Several programs provide state assistance to school districts and other public schools in constructing classroom facilities. The main program, CFAP, is a graduated, cost-sharing program that provides each city, local, and exempted village school district with partial funding to address all of its classroom facilities needs. Because priority for state funding is based on a district's relative wealth, poorer districts were served first and received a greater amount of state assistance than wealthier districts will receive when it is their turn to be served. Each year, all districts are ranked into percentiles according to the three-year average adjusted tax valuations per pupil. A school district may divide the district's entire classroom facilities project under CFAP into discrete segments.

JVSDs are served by a similar program, the Vocational School Facilities Assistance Program (VFAP). Other programs address the needs of particular types of districts and schools. Generally, they all operate on a cost-sharing basis.

Major sports facilities and youth sports education funding

(R.C. 123.28, 123.281, and 123.282)

The bill creates the Sports Facilities Construction and Sports Education Fund ("fund"), to be administered by FCC, the proceeds of which must be used to support construction and renovation of major sports facilities and minor league sports facilities throughout Ohio, for the economic benefit of the state, and to support youth sports education.

Sports facilities definitions

The bill defines a "major sports facility" as a sports facility that meets the following criteria:

- The facility's primary purpose is to provide a site or venue for the presentation of events of a professional sports franchise that is committed to playing a majority of the franchise's home games at the sports facility for a period of at least 30 years after completion of the construction or renovation of the sports facility.
- The initial total estimated construction cost, excluding any site acquisition cost, is greater than $1 billion, or $100 million if the project is for renovation of an existing facility.
- At least 60% of the total project cost has been secured from sources other than state funds.

A "professional sports franchise" is a member of the National Football League, Women's National Football Conference, Women's Football Alliance, Women's Football League Association, National Hockey League, Professional Women's Hockey League, Major League Baseball, Women's Professional Baseball League, Major League Soccer, National Women's Soccer League, National Basketball Association, Women's National Basketball Association, or a successor of such an entity.

A "major sports facility mixed-use project" is a mixed-use project that includes the construction of a major sports facility; integrates some combination of retail, office, hotel, residential, recreation, structured parking, or other similar uses into one or more mixed-use developments; has secured project funding from sources other than state funds of at least 60% of the total project cost; and is expected to generate increased state sales tax revenues.

A major sports facility mixed-use project also may include:

- Other projects supporting or relating to the major sports facility or the professional sports franchise, including portions of the project located on parcels of property that are noncontiguous with the primary site of the major sports facility mixed-use project, if the property is within Ohio, under the control of the professional sports franchise or the franchise's affiliated entities or joint venture partners, and is within a ten-mile radius of the major sports facility;
- Any mixed-use project adjacent or relating to practice facilities for the professional sports franchise;
- Conference centers, concert, or other entertainment venues and facilities;
- Retail, food, restaurant, and beverage facilities, whether fixed or mobile;
- Parks and other public open spaces or facilities;
- Related on-site infrastructure necessary or desirable for all these elements for the major sports facility mixed-use project.

A "minor league sports facility" is an Ohio sports facility that meets all of the following requirements:

- The facility's primary purpose is to provide a site or venue for the presentation of events of a minor league sports franchise that is officially affiliated as a developmental league for a professional sports franchise, or is an independent team that pays players and that meets criteria (to be established by the Ohio Advisory Committee for Sports Facility Construction and Youth Sports Education) and that is committed to playing a majority of home games at the sports facility for 15 years after completion of the construction or renovation of the sports facility.
- The initial total estimated construction cost, excluding any site acquisition cost, is greater than $50 million, or if the project is for renovation of an existing facility, $10 million.
- At least 60% of the total project cost has been secured from sources other than state funds.

Ohio Advisory Committee for Sports Facility Construction and Youth Sports Education

The bill creates the Ohio Advisory Committee for Sports Facility Construction and Youth Sports Education ("Committee") to evaluate and approve projects to be supported by the fund and administered by the FCC.

The Committee has seven members: the FCC Executive Director, two members appointed by the Governor, one member appointed by the Speaker of the House, one member appointed by the House Minority Leader, one member appointed by the Senate President, and one member appointed by the Senate Minority Leader. The legislatively appointed members may be other legislators, or they may be members of the public.

Committee member requirements

The bill entitles Committee members who are members of the public – i.e., the Governor's appointees, and the legislative appointees if the appointees are not legislators – to a per diem rate of $500 a day on the days they meet. All members, whether members of the public or not, are entitled to actual and necessary expenses. The members serve at the pleasure of the appointing authority.

The bill places certain ethical constraint on Committee members' dealings and relationships with professional sports franchises and leagues.

First, the bill prohibits Committee members from having any financial interest in or contracts with, and prohibits them to represent, advise, or be employed by, any professional sports franchise or professional sports league within one year before appointment, during the time of appointment, or for two years after appointment.

Second, the bill requires Committee members to file a disclosure statement with the Ohio Ethics Commission, or with the Joint Legislative Ethics Committee in the case of the legislatively appointed members, before voting on any matter.

Third, the bill permits a Committee member to purchase tickets, season tickets, or engage in another generally available transaction with a professional sports franchise or professional sports league, if the purchase or transaction is at arm's length and at the same price as generally available to the public.

Committee duties

The bill requires the Committee to recommend policies and procedures for the administration of the fund for review and adoption by the FCC, prioritizing economic development through major sports facilities, major sports facility mixed-use projects, minor league sports facilities, youth sports education, and facilities that enable training in team or individual sports.

Projects must be evaluated and awarded from the fund by a majority vote of the Committee. In awarding these projects, the Committee must prioritize the economic development of Ohio communities through major sports facilities, major sports facility mixed-use projects, and minor league sports facilities; the support of youth sports education to encourage lifelong health, physical readiness, and sports knowledge for students in grades K-12; and facilities and programs that teach or enable training in team or individual sports, including endurance sports, aquatic sports, cold weather sports, or martial arts. Facilities and programs may include publicly accessible indoor and outdoor tracks, year-round aquatic centers, ice arenas, and indoor field houses.

The bill permits the Committee to recommend criteria to the FCC to establish, and permits the FCC to implement, a grant program that facilitates the ability of Ohio communities to secure major sporting events to benefit Ohio economic growth, using moneys from the fund.

The bill also requires the DEW Director, the Director of the Department of Development, the Director of Health, and the Adjutant General to advise the Committee on what skills, facilities, and programs are necessary for youth sports education, and to publish standards for youth sports education for K-12 students, as needed. The bill permits the Committee to recommend to the Tax Commissioner the creation of tax credits to support youth sports education.

Public improvements contracts

Electronic notices, advertisements, and filings

(R.C. 9.312, 9.331, 153.07, 153.09, 153.54, and 1311.252)

The bill requires certain notices, advertisements, and filings to be made via electronic media, rather than through various physical media like newspapers.

Competitive bidding notices

For contracts let by competitive bidding, when a state agency or political subdivision finds that a low bidder is not responsive or responsible, the bill requires the state agency or political subdivision to send the bidder a notice in writing by an internet identifier of record associated with the bidder (such as an email address), and by certified mail only if an electronic method is not available. Current law permits either method.

Public improvements notices and advertisements

For contracts to employ a construction manager or a construction manager at risk, the bill requires a public authority to advertise its intended contract by electronic means, and permits advertising in news media available in the county. Current law requires advertisement in a newspaper of general circulation, and permits electronic advertisement.

The bill requires the notice to be published at least 14 calendar days in advance, rather than 30 days.

For public improvements contracts, the bill requires the public authority to give notice of the time and place where bids will be received by electronic means at least 14 days in advance, and permits the authority to publish the notice in other news media in the county where the work is to occur. Current law requires publication in a newspaper at least eight days in advance.

The bill also requires plans, details, estimates of cost, and specifications to be available electronically.

When the public authority rejects all bids and re-advertises, the bill requires the advertisement to be in electronic media, rather than newspaper, as the FCC directs.

Notices of commencement

The bill removes the requirement that the notice of commencement be in affidavit form.

Under current law, before work on a public improvement contract may begin, the public authority must file a notice of commencement of the work in affidavit form, with details about the work to be performed, the contractor, the public authority, and the bid guaranty.

Bid guaranties

The bill permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty in the form of an electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically. Continuing law also permits the bidder to file it in the form of a bond, certified check, cashier's check, or letter of credit. Under continuing law, this requirement does not apply to contracts with construction managers at risk and design build firms.

Certificates of compliance with affirmative action programs

(R.C. 9.47 and 153.08)

Under continuing law, any person desiring to bid on public improvements contracts or contracts with the Department of Transportation may apply to the Department of Development (DEV) for a certificate of compliance with affirmative action programs. If the DEV Director determines that the person has complied with all applicable state and federal affirmative action programs, and has not violated any programs within the last five years, the person may receive the certificate.

Under current law, the certificate must be no more than 180 days old to be valid, and a person may receive an updated certificate once every 180 days. The bill changes this from 180 days to two years. Under the bill, a person may receive an updated certificate every two years, and the certificate must be no more than two years old to be valid.

Declaration of exigency

(R.C. 123.10)

The bill requires the director of a state agency, when the FCC Executive Director issues a declaration of public exigency at the request of the state agency, and at the determination of the FCC Executive Director, to enter into a contract with the proper persons to address the exigency.

Continuing law permits the FCC Executive Director, upon the Director's own initiative or at the request of the director of a state agency, state institution of higher education, or state instrumentality, to issue a declaration of public exigency in the event of one of the following:

- An injury or obstruction that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it;
- An immediate danger of such an injury or obstruction; or
- An injury or obstruction, or an immediate danger of an injury or obstruction, that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it.

Current law requires the FCC Executive Director to enter into contracts with proper persons to alleviate or respond to the exigency.

The bill continues to require the FCC Executive Director to enter into these contracts when the FCC Executive Director issued the declaration of exigency at the Executive Director's own initiative. But the bill permits the FCC Executive Director, when the Executive Director issued the declaration at the request of one of the state bodies listed above, to require the state body to enter into the contract instead.

Building information modeling systems

(R.C. 153.01)

The bill permits a public authority, for public improvements contracts worth $200,000 or more, to require an architect or engineer, in preparing plans, details, specifications, estimates, analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.

The bill defines a "building information model" as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

Public improvements contracts retainage and escrow

(R.C. 153.12, 153.13, 153.14, and 153.63)

The bill makes changes to the process by which contractors are paid for completing public improvements contracts.

Under current law, the public authority must pay 92% of the contract price for labor performed before and up to the point when the job is 50% completed. After it is 50% completed, the public entity must pay 100% of the contract price during the remaining 50% of the project, and deposit the 8% that had been collected into an escrow account. When the major portion of the project is substantially completed and occupied, or in use, or otherwise accepted, the retained amount, with accumulated interest, is released from escrow and paid to the contractor within 30 days of completion of the contract.

The bill changes this process in the following ways: first, instead of 8% being retained for the first half of the contract, 4% or less is retained for the entirety of the contract. The total amount being retained is the same, and perhaps less if the public authority so chooses.

Second, the bill removes the escrow account provisions, instead merely specifying that the public authority must release the amount to the contractor upon, and within 30 days of, substantial completion of the work. The bill clarifies that the retained funds and the accrued interest are the property of the contractor.

Finally, the bill prohibits contractors from paying subcontractors at a retainage rate lower than the rate paid to the contractor by the public authority. For instance, if the FCC is paying a contractor at a retainage rate of 97% (withholding 3%), the contractor is not permitted to pay a subcontractor at a retainage rate of 96% (withholding 4%). In other words, the contractor may not retain more from a subcontract than is being retained from the contractor's contract.

Indefinite delivery indefinite quantity contracts

(R.C. 153.013)

The bill permits a public authority to enter into an indefinite delivery indefinite quantity (IDIQ) contract without Controlling Board approval if the contract meets all of the following requirements:

- The contract is with a prequalified vendor from a list established by the FCC;
- The contract is awarded through a competitive bidding process in which the public authority identifies at least three prequalified vendors to bid on the contract and solicits proposals from those prequalified vendors, unless the public authority establishes that there are fewer than three prequalified vendors available;
- The contract value does not exceed $1 million, which may include an increase of up to 10% of the advertised contract value.

The bill defines "public authority" as the state, a state institution of higher education, or any public agency, authority, board, commission, or instrumentality of the state.

The bill requires the FCC to establish a list of prequalified vendors, and to adopt rules to establish objective prequalification criteria, a process for public authorities to use the list, and the form, terms, and conditions of IDIQ contracts.

Integrated project delivery contracts

(R.C. 123.21, 153.01, 153.50, 153.502, 153.503, 153.65, and 153.695)

The bill permits public authorities to enter into integrated project delivery contracts with integrated project contractors for capital projects, using selection and evaluation processes similar to existing design-build firm and professional design services contracts.

Integrated project delivery definitions

An integrated project contract is a contract for integrated project delivery, which the bill defines as a method to deliver a capital project through a multi-party agreement, executed by at least three parties, among a team comprised of a public authority, a professional design firm, and an integrated project contractor, commencing at early design and continuing through to project completion.

An integrated project contractor is a person with the ability to plan, coordinate, manage, direct, and execute all phases of a capital project through integrated project delivery, including the construction, demolition, alteration, repair, or reconstruction of any public building, structure, or other improvement.

Application and evaluation

The bill requires public authorities to evaluate the statements of qualifications submitted by integrated project contractors, and select at least three of the most qualified firms, unless the public authority determines in writing that fewer than three qualified firms are available.

Then, the public authority must provide each selected contractor with each of the following:

- A description of the project and project delivery;
- A preliminary project schedule;
- A description of any preconstruction services;
- A description of a target price, including the estimated level of design on which such target price is based;
- The form of the integrated project delivery contract, which must define target price, schedule, and quality of the project, establish collaboration and decision making processes, and share risk by linking compensation and incentives to project outcomes;
- A request for a pricing proposal that must be divided into a preconstruction and integrated project delivery services fee, must include at least a list of key personnel and consultants for the project, and must include a preliminary project schedule.

The public authority then must evaluate the pricing proposal submitted by each firm, and may hold discussions with each firm about the scope and nature of the proposed services and potential technical approaches.

The public authority then ranks the selected firms based on the public authority's evaluation, considering the proposed costs and the firm's qualifications, and enters contract negotiations with the contractor whose pricing proposal is ranked highest.

Selection and negotiations

During negotiations, the public authority must ensure that the contractor and the public authority mutually understand the essential requirements involved in providing the required integrated project delivery construction services, the provisions for the use of contingency funds, and the terms of the contract, including terms related to the possible distribution of savings in the final costs of the project. The public authority must also ensure that the contractor will be able to provide the necessary personnel, equipment, and facilities to perform the integrated project services within the time required by the contract.

The public authority must use an open book pricing method to attempt to agree upon a procedure and schedule for determining a target price for the project, which must include the cost of all work, the cost of its general conditions, the contingency, and the fee payable to the contractor.

If the public authority fails to negotiate a contract with the highest ranked contractor, it must terminate the negotiations and inform the contractor in writing, and move on to the second highest ranked contractor, and if that fails, the third, and so forth. If these subsequent negotiations fail, the public authority may select additional integrated project contractors to provide pricing proposals, or select an alternative delivery method for the project.

Public authorities may accept or reject any proposals in whole or in part.

Project requirements

Before construction begins, the integrated project contractor must provide a surety bond to the public authority in accordance with rules adopted by the FCC Executive Director.

The FCC must adopt rules setting procedures and criteria for determining the best value selection of an integrated project contractor, standards the contractor must follow, and the form of the contract, including multi-party contracts with a professional design firm, and subcontracts.

Additionally, the bill exempts integrated project delivery contracts from certain existing processes and requirements for capital contracts, replacing them with the bill's procedures.

Under continuing law, public authorities entering into public works contracts must prepare full and accurate plans, details to scale and full-sized, definite and complete specifications of the work to be performed, a full and accurate estimate of each item of expense and the aggregate cost of those items of expense, a life-cycle cost analysis, and further data as may be required by the FCC. They also are required to post separate bids for plumbing and gas fitting; steam and hot-water heating, ventilating apparatus, and steam-power plant; and electrical equipment. And under continuing law, contracts with construction managers at risk and design-build firms are exempted from these requirements.

Subcontractors

The bill requires integrated project contractors to establish criteria to prequalify prospective bidders on subcontracts, subject to the approval of the public authority and consistent with the rules adopted by the FCC.

For subcontracts, the integrated project contractor must identify at least three prospective prequalified bidders (unless less than three exist), verified by the public authority, then solicit proposals from each bidder, under an open book pricing method. An integrated project contractor is not required to award a subcontract to a low bidder.

This mirrors existing provisions for construction managers at risk and design-build firms.

Controlling Board exemptions

The bill exempts from Controlling Board approval competitively bid contracts made by the FCC for the following services: construction management services, professional design services, criteria architect or engineer services, design-build services, and integrated project delivery services.

Expedited processes for design-build firms and managers at risk

(R.C. 9.334, 153.501, and 153.693)

The bill creates an expedited proposal and selection process for contracts between public authorities and construction managers at risk or design-build firms, for projects under $4 million, adjusted biannually for inflation by the FCC, which number the FCC must post on its website.

Under the expedited process, the construction managers at risk or design-build firms may submit both an initial qualification proposal or statement, respectively, and a pricing proposal in the same submission. Current law (and continuing law, in the case of contracts worth more than

$4 million), requires the manager or firm to submit a proposal or statement, then for the public authority to rank and select at least three firms from the submissions, who then must submit a pricing proposal. After the proposal is submitted, the public authority must hold discussions with each applicant before making a final selection.

The bill permits these contractors to submit both at once for contracts under $4 million, and also requires a public authority to provide each such contractor using the expedited process with a pre-proposal meeting to explore the proposals further, in which the public authority provides the manager or firm with a description of the project, including the scope and nature of the proposed services and potential technical approaches.

Under the normal process, the manager or firm submits a proposal or statement of qualifications, is selected to move on, has a meeting with the public authority, and then submits a pricing proposal for final approval.

Under the expedited process, an interested manager or firm has a pre-proposal meeting with the public authority, submits a proposal or statement of qualifications along with a pricing proposal, and then the public authority makes a selection.

The bill also exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of the work if the public authority requests a guaranteed maximum price proposal due at the time of selection. This essentially means that a manager or firm may more easily subcontract with themselves as long as they have agreed to a certain price cap.

GOVERNOR

Representation for sworn employee in criminal complaints

- Allows a sworn employee to apply for legal protections when a use of force incident results in physical harm or death and allows the Governor or a designee, under certain circumstances, to approve of legal representation to the sworn employee to be paid by the appointing authority.

Governor solemnizing marriages

- Authorizes the Governor or former Governors of Ohio to solemnize marriages.

Occupational license application processing time

- Allows the Common Sense Initiative Office (CSI) to examine any occupational license and require an occupational licensing board to report specified information regarding the occupational license's application processing time to CSI.
- Allows CSI to establish an efficient application processing time for an occupational license reviewed by CSI.
- Allows an applicant to request an application fee refund if an occupational licensing board exceeds an efficient application processing time established under the bill with respect to a completed application.

Representation for sworn employee in criminal complaints

(R.C. 109.872)

The bill creates a process for a "sworn employee" to apply for legal representation when that employee was involved in a use of force incident that resulted in death, serious physical harm to persons, or physical harm to persons in the scope of that employee's official duties. "Physical harm to persons" and "serious physical harm to persons" have the same meanings as defined in continuing criminal law. All of the following are "sworn employees" under the bill:

- Enforcement agents appointed to enforce Ohio's liquor laws and rules regulating the use of SNAP benefits;
- The Superintendent and troopers of the Ohio State Highway Patrol;
- Special police officers of the Ohio State Highway Patrol;
- Other employees of any Ohio department, agency, or board who are under the executive branch and ultimately report to the Governor and are authorized to investigate, execute Ohio laws, protect public safety, or enforce Ohio laws as part of their job duties.

Applying for representation

A sworn employee listed above may apply to the director of the sworn employee's appointing authority and the Governor or the Governor's designee for legal representation if the sworn employee (1) was involved in a use of force that resulted in death, serious physical harm to persons, or physical harm to persons, (2) was involved in the use of force within the scope and course of the sworn employee's official duties, and (3) is under investigation by a prosecuting attorney, the Bureau of Criminal Identification and Investigation, or another investigating authority for possible criminal charges based on the sworn employee's use of force.

Approval

If the Governor or the Governor's designee determines that all of the conditions described in "**Applying for representation**," above, apply and the Governor or the Governor's designee considers the request for legal representation to be appropriate, the Governor or Governor's designee, in the Governor's or Governor's designee's sole discretion, may approve the request. If the request is approved, the Governor or the Governor's designee must provide the sworn employee with a list of three attorneys who are admitted to the practice of law in Ohio and are experienced in the defense of criminal charges. The sworn employee may select one of the attorneys to represent the sworn employee until the grand jury concludes its proceedings, a criminal complaint is filed, or the case is disposed of before the grand jury concludes its proceedings or a criminal complaint is filed.

Payment for representation

An attorney who represents a sworn employee in criminal proceedings outlined in "**Approval**," above, must be paid at the usual rate for like services in the community in which the criminal proceedings occur or at the usual rate paid to special counsel under continuing law. The appointing authority is required to pay the attorney's compensation and all reasonable expenses and court costs incurred in the defense of the sworn employee.

Representation after an indictment or criminal complaint

If a criminal investigation of a sworn employee results in an indictment or the filing of a criminal complaint based on the sworn employee's involvement in the use of force, an attorney who represents the sworn employee under the provisions of the bill may continue to represent the sworn employee in the criminal proceeding on any terms to which the attorney and sworn employee mutually agree. Neither the Governor or the Governor's designee nor the appointing authority is obligated to provide the sworn employee with legal representation or to pay attorney's fees, expenses, or court costs incurred by the sworn employee following the indictment or criminal complaint charging the sworn employee with an offense, but the Governor or the Governor's designee, in the Governor's or the Governor's designee's sole discretion, may approve a request to pay attorney's fees, expenses, or court costs incurred by the sworn employee following the indictment or criminal complaint.

Reimbursement

If a sworn employee is represented by an attorney as described above and if the sworn employee is subsequently convicted of or pleads guilty to a criminal offense based on the sworn

employee's involvement in the use of force, the Governor or the Governor's designee or the appointing authority may direct the Attorney General to seek to recover, including by means of a civil action, from the sworn employee the costs of legal representation paid by the appointing authority under the bill.

Governor's decision final

A decision of the Governor or the Governor's designee on whether to furnish legal representation prior to indictment or complaint or whether to extend legal representation through criminal proceedings, is not subject to appeal or review in any court or other forum. A person does not have a right of action against the appointing authority, the Governor, or the Governor's designee in the court of claims or any other court based on a decision of the Governor or the Governor's designee made under these provisions.

Terms of indemnification

The indemnification of a sworn employee is to be accomplished only through the following procedure:

1. If the Governor or the Governor's designee determines that the actions or omissions of the employee that gave rise to the claim were within the scope of the employee's employment and that the costs of legal representation should be indemnified, the sworn employee's appointing authority must prepare an indemnity agreement. The indemnity agreement must specify that the appointing authority will indemnify the employee for the expenses of legal representation. The agreement is not effective until it is approved by the employee, the director or appointing authority, and the Governor or the Governor's designee.

2. The appointing authority must forward a copy of the indemnity agreement to the OBM Director.

3. The OBM Director must direct the appointing authority to pay the indemnification against available unencumbered money in the appropriations of the appointing authority. The OBM Director has sole discretion to determine whether unencumbered money in a particular appropriation is available for payment of the indemnification.

4. If sufficient money does not exist to pay the indemnification, the appointing authority must request the General Assembly to make an appropriation sufficient to pay the indemnification, and no payment can be made until the appropriation is made. The appointing authority must make the appropriation request during the current biennium and during each succeeding biennium until a sufficient appropriation is made.

Governor solemnizing marriages

(R.C. 3101.08)

The bill authorizes the Governor or former Governors of Ohio to solemnize marriages.[54] Continuing law authorizes the following persons to solemnize marriages:

- An ordained or licensed minister of any religious society or congregation within Ohio who is licensed to solemnize marriages;
- A judge of a county court;
- A judge of a municipal court;
- A probate judge;
- The mayor of a municipal corporation within Ohio;
- The Superintendent of Ohio deaf and blind education services;
- Any religious society in conformity with the rules of its church.

Occupational license application processing time

(R.C. 4798.08)

The bill allows the Common Sense Initiative Office (CSI) to examine any occupational license and require an occupational licensing board to report to CSI the following information:

- The method by which the board receives applications for the occupational license;
- The legal authority governing the length of time within which the board must process applications for the occupational license;
- Any application fees associated with the issuance or renewal of the occupational license;
- The board's recommendation for the appropriate length of time to process completed applications for the occupational license;
- The number of applications denied by the board in the previous year;
- Any other relevant information requested by CSI.

An "occupational license" means a nontransferable authorization in law that an individual must possess to perform a lawful occupation for compensation based on meeting personal qualifications established by statute, or by a rule authorized by statute.[55]

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[54] R.C. 3101.08 states that marriage is allowed only between one man and one woman. However, this statute was struck down by the U.S. Supreme Court in *Obergefell v. Hodges*, 576 U.S. 644 (2015), under the Due Process and Equal Protection Clauses of the Fourteenth Amendment to the U.S. Constitution and does not have any force or effect regarding the restrictions of same-sex marriage.

[55] R.C. 4798.01, not in the bill.

The bill allows CSI to establish an efficient application processing time for an occupational license reviewed by CSI. If CSI establishes an efficient application processing time, CSI must direct the occupational licensing board to do both of the following:

- Publish the established application processing time on the board's website;
- Make available an electronic method for an applicant to request an application fee refund.

An applicant may request an application fee refund if an occupational licensing board exceeds an efficient application processing time established under the bill with respect to a completed application. An occupational licensing board must, on receipt of an application fee refund request, do both of the following:

- Refund the application fee to the extent permitted by law if the board exceeded the efficient application processing time established under the bill with respect to a completed application;
- Inform CSI whether the refund request has been approved.

An application fee refund under the bill has no bearing on the disposition of the underlying application. The bill also specifies that it must not be construed to impair or otherwise affect the authority granted by law, regulation, or executive order to an occupational licensing board and does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Interaction with current law

Current law specifies a time by which some licenses must be issued.[56] It is unclear what would happen if CSI establishes an application professing timeline under the bill that conflicts with a timeline specified in current law.

Additionally, many of the laws governing licenses specify that application fees are nonrefundable. For example, application fees for professional engineer and surveyor licenses and cosmetology licenses are nonrefundable under current law.[57] As discussed above, the bill requires that application fees be "refunded to the extent permitted by law" on an applicant's request if the board fails to issue a license in the established processing time under the bill. It is unclear whether nonrefundable fees under current law are refundable under the bill.

[56] See, e.g., R.C. 4747.05, 4723.42, 4743.041, and 4796.20, not in the bill.

[57] R.C. 4733.12 and 4713.10, not in the bill.

DEPARTMENT OF HEALTH

Nurse aide eligibility

- Establishes an alternative condition that an individual may satisfy to be eligible for employment as a nurse aide in a long-term care facility – that the individual has successfully completed both a training course provided in a nursing home operated by the U.S. Department of Veterans Affairs and a competency evaluation program conducted by the Department of Health (ODH).

Health care facilities

Prohibitions on health care real estate investment trusts

- Prohibits the following from leasing from a health care real estate investment trust the building or buildings in which a hospital is located or a nursing home is housed: an applicant for an initial hospital or nursing home license, an applicant for a change of hospital or nursing home owner or operator license, and a holder of a license to operate a hospital or nursing home.

Change of owner licenses – hospitals

- Eliminates current law provisions requiring a hospital's new owner to apply to the ODH Director for a license transfer and replaces them with provisions establishing the following: (1) a process for an entering owner to apply for a change of owner license and (2) conditions that must be met before the Director issues the new license, including those requiring the disclosure of certain ownership interests in the hospital.

Evidence of financial security – nursing home entering operators

- Requires a nursing home entering operator to submit to the ODH Director evidence of a bond, rather than evidence of a bond or other financial security as under current law.

Residential care facility license – continued operation during application period

- Specifies that a residential facility or independent living facility that applies for a license to operate as a residential care (assisted living) facility may continue to operate as a residential facility or independent living facility while its application is pending.
- Restricts a residential facility or independent living facility from providing care to more than two residents while the application is pending.

Radiation-generating equipment – inspection fee increases

- Increases inspection fee amounts for certain radiation-generating equipment used in facilities operated by medical practitioners or medical-practitioner groups.

Deposit of vital statistics fees by ODH

- Transfers from the Treasurer of State to ODH the duty to deposit vital statistics fees into the state treasury to the credit of the Children's Trust Fund.

OhioSEE Program

- Requires ODH to establish the Ohio Student Eye Exam Program, or OhioSEE, to provide students in kindergarten through third grade with vision care services, including vision screenings, eye examinations, and glasses.

Children's Dental Services Program

- Requires ODH to establish the Children's Dental Services Program to provide children in underserved areas with dental care services, including screenings, treatment, and preventive care.

Smoking and tobacco

Flavored electronic liquids

- Prohibits giving away, selling, advertising, displaying, or marketing any flavored electronic liquid.
- Exempts nicotine-free liquids from the flavor prohibition and, due to a drafting error, from the law prohibiting the sale or distribution of electronic smoking device liquids to underage persons.

Registration of vapor product retailers

- Requires persons engaged in selling vapor products to Ohio consumers to annually register with ODH.
- Exempts from the registration requirement persons licensed under continuing law in the business of trafficking cigarettes or solely for vapor product distribution.
- Specifies the form of the initial application and requires $400 in total fees for each place of business.
- Provides for annual renewal of existing certificates following submission of a renewal application and payment of a $200 annual registration fee.
- Requires the ODH Director to deny, refuse to renew, suspend, or revoke a certificate of registration under certain circumstances.
- Allows the ODH Director to impose a penalty of up to $1,000 on a person who knowingly sells vapor products at retail without the required registration or who fails to display the registration.
- Limits the penalty to $100 for recently lapsed registrations and allows the ODH Director to waive all or part of a penalty for reasonable cause.
- Requires all fees and fines collected in connection with the registration to be deposited to the Tobacco Use Prevention Fund and used for the administration of the registration program or for tobacco and nicotine prevention or cessation interventions.

Lead abatement tax credit

- Increases to $50,000 (from $10,000) the maximum amount of the tax credit that can be issued by the Director of Health for lead abatement.

Scope of environmental health specialists' practice

- Removes the administration or enforcement of the hazardous waste law from the scope of practice of environmental health that an environmental health specialist or environmental health specialist in training may engage in.

Nurse aide eligibility

(R.C. 3721.32)

The bill establishes an alternative condition that an individual may satisfy to be eligible for employment as a nurse aide in a long-term care facility – the successful completion of both of the following: (1) a training course provided by the U.S. Department of Veterans Affairs (VA) in a VA-operated community living center (a VA nursing home) that the Director of Health determines is similar to a training and competency evaluation program conducted by the Department of Health (ODH) and (2) an ODH-conducted competency evaluation program.

In general, to be listed on ODH's nurse aide registry and therefore eligible for employment in a long-term care facility, an individual must successfully complete both an ODH-approved training and competency evaluation program and an ODH-conducted competency evaluation program. Note that the bill maintains all other existing law alternative conditions.

Health care facilities

Prohibitions on health care real estate investment trusts

(R.C. 3721.01, 3721.026, 3721.07, 3721.073, 3722.01, 3722.03, 3722.031, 3722.04, 3722.06, and 3722.13)

The bill prohibits all of the following from leasing from a health care real estate investment trust the one or more buildings in which (1) a nursing home is housed or (2) a main hospital and, if applicable, any of its remote locations are located:

- An applicant seeking an initial license from ODH to operate a nursing home;
- An applicant seeking an initial license from ODH to operate a hospital;
- The holder of a license to operate a nursing home issued by ODH;
- The holder of a license to operate a hospital issued by ODH;
- In the case of a change in a licensed nursing home's operator, an applicant seeking a license from ODH to operate the nursing home as its entering operator;
- In the case of a change in a licensed hospital's owner, an applicant seeking a license from ODH to operate the hospital as its entering owner.

Exception

The foregoing prohibition does not apply to an ODH-licensed nursing home or hospital that, on the bill's 90-day effective date, leases from a health care real estate investment trust the one or more buildings in which the nursing home is housed or the main hospital and, if applicable, any of its remote locations is located. The bill requires such a nursing home or hospital to submit to the ODH Director copies of all documents in its possession related to any lease, master lease, sublease, license, or other agreement concerning the use or occupancy of the buildings or buildings in which the nursing home is housed or the hospital is located. The copies must be submitted to the ODH Director not later than 90 days after the bill's 90-day effective date.

Definition

A ***health care real estate investment trust*** is defined to mean a real estate investment trust whose assets include direct or indirect ownership of real property that is held in connection with the use or operation of any facility licensed or certified to provide health care services to individuals, including a hospital or nursing home.

This definition relies, in part, on federal law's definition of a ***real estate investment trust***, meaning a corporation, trust, or association (1) which is managed by one or more trustees or directors, (2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest, (3) which would be taxable as a domestic corporation, (4) which is neither a financial institution nor an insurance company, (5) the beneficial ownership of which is held by 100 or more persons, and (6) which is not closely held.[58]

Change of owner licenses – hospitals

(R.C. 3722.04)

The bill eliminates current law provisions requiring a hospital's new owner to apply to the ODH Director for a license transfer and replaces them with provisions establishing the following: (1) a process by which an entering owner may apply for a license and (2) conditions that must be met before the Director issues the new license, including those requiring the disclosure of certain ownership interests in the hospital.

Application procedures

If a change of owner is proposed for a hospital, the entering owner must apply to the ODH Director for a license to operate the hospital. The application must be submitted not later than 45 days before the date of the proposed change of owner, but the ODH Director may waive that timeline in the event of an emergency.

As soon as practicable after receiving a completed application, the ODH Director must review it to determine if the bill's requirements and rules adopted by the ODH Director have been met. If the ODH Director makes such a determination, a notice of intent to grant a change

[58] 26 U.S.C. 856.

of owner license must be issued, with the license's issuance contingent on the submission of documents evidencing completion of the change of owner transaction.

Eligibility

To be eligible for the license, an entering owner must submit a complete application, pay the change of owner fee specified by the ODH Director in rule, and satisfy all of the following:

- Identify the one or more individuals that own, directly or indirectly, at least 5% of the following: the entering owner, if the entering owner is an entity; the owner of the building or buildings in which the hospital is located, if the owner differs from the entering owner; or each related party that provides services to the hospital;
- With respect to any identified individual, disclose the exact percentage of the individual's ownership interest;
- Disclose whether any identified individual owned an interest in a hospital licensed by the ODH Director or by another state and whether any of the following events occurred within the five years immediately preceding the application date: the hospital closed; the hospital or its owner was the subject of receivership proceedings; the hospital's license was suspended, denied, or revoked; the hospital was the subject of injunction proceedings initiated by a regulatory agency; or a civil or criminal action was filed against the hospital by a state or federal entity;
- Provide any other information the ODH Director considers necessary.

Additional requirements

Evidence of a bond

The bill requires an applicant to submit the ODH Director evidence of a bond in an amount not less than the product of the number of hospital beds multiplied by $10,000. The requirement does not apply to an applicant identifying direct or indirect ownership of at least 50% of the entering owner.

The bond must be renewed, replaced, or maintained for five years after the effective date of a change of owner. The aggregate liability of a surety must not exceed the sum of the bond, which is not cumulative from period to period. If the bond is not renewed, replaced, or maintained, the ODH Director is required to revoke the hospital's license after providing 30 days' notice to the owner. The bond must be released five years after the effective date of the change of owner if none of the events described below have occurred.

The ODH Director may utilize the bond to pay expenses incurred by the ODH Director of another state official or agency if any of the following occurs during the five-year period for which the bond is required:

- The hospital closes;
- The hospital is the subject of bankruptcy proceedings;
- The hospital is the subject of receivership proceedings;

- The license to operate the hospital is suspended, denied, or revoked;
- The hospital undergoes a change of ownership, unless the new applicant submits a bond.

Prior experience

The applicant also must demonstrate to the ODH Director that the entering owner or person who will have operational control of the hospital has at least five years' experience with operational control of a hospital licensed by the ODH Director or by another state.

Attestations

The applicant also must attest all of the following to the ODH Director:

- That the entering owner has developed quality assurance and risk management plans for the hospital's operation;
- That the entering owner has general and professional liability insurance coverage that provides coverage of at least $1 million per occurrence and $3 million aggregate;
- That sufficient numbers of qualified staff, by training or experience, will be employed to properly care for the type and number of hospital patients.

Denial of change of ownership

The ODH Director is required by the bill to deny a change of owner application in both of the following circumstances:

- When the bill's requirements and any rules adopted by the ODH Director have not been met;
- When the owner of the building or buildings in which the main hospital and, if applicable, any of its remote locations are located is a health care real estate investment trust and the ODH Director has determined that the entering owner plans to lease the building or buildings from such trust.

Additional grounds for denial

The bill sets forth two additional grounds under which the ODH Director must deny a change of owner license. Each relates to the prior history of an entering owner or other ownership interest.

In the case of an entering owner or individual identified as owning, directly or indirectly, 25% or more of the entering owner, the ODH Director must deny the change of owner application if both of the following criteria are met:

- The entering owner or individual has or had either of the following relationships with a currently or previously licensed hospital by the Director or by another state:
  - 50% or more direct or indirect ownership in the hospital;
  - Alone or together with one or more other persons, operational control of the hospital.
- Any of the following occurred with respect to the current or previously licensed hospital within the five years immediately preceding the date of application:

- Involuntary closure of the hospital by a regulatory agency or voluntary closure in response to licensure or certification action;
- Voluntary or involuntary bankruptcy proceedings that are not dismissed within 60 days of filing for bankruptcy;
- Voluntary or involuntary receivership proceedings that are not dismissed within 60 days of the proceedings' initiation;
- License suspension, denial, or revocation for failure to comply with operating standards.

In the case of a change of 25% or more of the property ownership interest in a hospital that occurs in connection with the change of owner, the ODH Director must deny the change of owner license if the person who acquired the property ownership interest meets both of the following criteria:

- The person has or had either of the following relationships to a hospital currently or previously licensed by the Director or by another state:
  - 50% or more direct or indirect property ownership in the hospital;
  - Alone or together with one or more other persons, operational control of the hospital.
- Any of the following occurred with respect to the current or previously licensed hospital within the five years immediately preceding the date of application:
  - Involuntary closure of the hospital by a regulatory agency or voluntary closure in response to licensure or certification action;
  - Voluntary or involuntary bankruptcy proceedings that are not dismissed within 60 days of filing for bankruptcy;
  - Voluntary or involuntary receivership proceedings that are not dismissed within 60 days of the proceedings' initiation;
  - License suspension, denial, or revocation for failure to comply with operating standards.

Appealing a denial

The bill authorizes an applicant who has been denied a change of owner license to appeal that decision. The appeal is governed by Ohio's Administrative Procedure Act (R.C. Chapter 119).

Entering owner duties

An entering owner is required to perform all of the following duties:

- As soon as practicable after discovering an error, omission, or change of information in the entering owner's application, notify the ODH Director of the error, omission, or change;

- When a change in the information or documentation required by the bill occurs after the change of owner license is issued, notify the ODH Director of the change in the information or documentation within 10 days of its occurrence;
- Truthfully supply to the ODH Director any additional information or documentation that the Director requests;
- Refrain from completing the change of owner transaction until after the ODH Director issues to the entering owner notice of the Director's intent to grant a change of owner;
- Within five days of completing the change of owner transaction, submit to the ODH Director the final document evidencing its completion.

Entering owner penalties

Should an entering owner (1) fail to notify the ODH Director of (a) errors, omissions, or changes in the application or (b) changes in information or documentation occurring after the license issues or (2) fail to truthfully supply any other information or documentation that the Director requests, the Director must impose on the entering owner a civil penalty in the amount of $2,000 for each day of noncompliance.

Investigations and additional penalties

The bill requires the ODH Director to investigate an allegation that a change of owner occurred and the entering owner failed to submit an application in accordance with the bill's provisions. The ODH Director also must investigate an allegation that an application included fraudulent information. In conducting an investigation, the ODH Director may request the Attorney General's assistance.

If the ODH Director becomes aware – by means of an investigation or otherwise – that an entering owner failed to submit an application or that an application included fraudulent information, the bill requires the Director to impose on the entering owner a civil penalty in the amount of $2,000 for each day of noncompliance after the date the change of owner occurred.

If an entering owner fails to submit an application or new application for a change of owner license within 60 days of the ODH Director becoming aware of the change of owner, the Director must begin the current law process for revoking the license.

Rulemaking

The bill grants the ODH Director authority to adopt rules as necessary to implement the bill's provisions. It also revises existing law requiring the Director to adopt rules establishing procedures for transferring licenses to specify that those procedures instead relate to changing owners.[59] All rules must be adopted in accordance with Ohio's Administrative Procedure Act (R.C. Chapter 119).

[59] R.C. 3722.06.

Legislative intent

The bill specifies that, in amending existing law, it is the intent of the General Assembly to require full and complete disclosure and transparency with respect to the ownership, operation, and management of each licensed hospital undergoing a change of owner.

Evidence of financial security – nursing home entering operators

(R.C. 3721.026)

The bill limits the existing law requirement that certain applicants seeking change of nursing home operator licenses provide to the ODH Director evidence of a ***bond or other financial security***, by eliminating the reference to other financial security. It maintains, however, the following aspects of current law:

1. That the bond amount must be not less than the product of the number of licensed beds multiplied by $10,000; and

2. That the requirement does not apply to applicants owning at least 50% of the nursing home and its assets or at least 50% of the entity that owns the nursing home and its assets.

Residential care facility license – continued operation during application period

(R.C. 3721.074)

The bill specifies that when a residential facility or an independent living facility applies to the ODH Director for a license as a residential care facility (generally referred to as an assisted living facility), the residential facility or independent living facility may continue to operate while the application is under consideration by the Director. The bill prohibits a residential facility or independent living facility from providing care to more than two residents while such an application is pending.

Radiation-generating equipment – inspection fee increases

(R.C. 3748.13)

The bill increases as follows inspection fee amounts for certain radiation-generating equipment used in facilities operated by medical practitioners or medical-practitioner groups:

- For a first dental x-ray tube, from $155 to $310;
- For each additional dental x-ray tube at the same location, from $77 to $154;
- For a first medical x-ray tube, from $307 to $614;
- For each additional medical x-ray tube at the same location, from $163 to $326;
- For each unit of ionizing radiation-generating equipment capable of operating at or above 250 kilovoltage peak, from $610 to $1,220;
- For a first nonionizing radiation-generating equipment of any kind, from $307 to $614;

- For each additional nonionizing radiation-generating equipment of any kind at the same location, from $163 to $326.

Note that the bill maintains the law establishing an inspection fee schedule for such equipment.

Deposit of vital statistics fees by ODH

(R.C. 3109.14)

The bill transfers a requirement to deposit vital statistics fees into the state treasury to the credit of the Children's Trust Fund from the Treasurer of State to ODH. Under existing law, the ODH Director, a person that the Director authorizes, a local commissioner of health, or a local registrar of vital statistics must charge and collect a $3 fee for each certified copy of a birth record, certification of birth, and copy of a death record. The fees must be forwarded to ODH within 30 days after the end of each quarter. Under the bill, ODH must deposit the fees into the state treasury to the credit of the Children's Trust Fund within two days after receipt. Under existing law, ODH must forward the fees to the Treasurer of State, who deposits the fees accordingly.

The bill also requires ODH to deposit any penalty it receives in the state treasury to the credit of the Children's Trust Fund. Existing law imposes a penalty of 10% of the fees on any person or government entity that fails to forward the vital statistics fees in a timely manner, as determined by ODH.

OhioSEE Program

(Section 291.30)

The bill requires ODH to establish and administer the Ohio Student Eye Exam Program, to be known as the OhioSEE Program. Under the program, vision care services, including vision screenings, eye examinations, and glasses, may be provided to Ohio students, kindergarten through third grade. Participating students must have failed vision screenings and lack access to follow-up care. In administering the program, ODH must focus on improving the percentage of vision care referrals completed, increasing student access to eye examinations, and providing necessary eyewear to eligible students.

Children's Dental Services Program

(Section 291.40)

The bill requires ODH to establish and administer the Children's Dental Services Program. Under the program, dental care services, including screenings, treatment, and preventive care, may be provided to a child who meets the following conditions:

1. The child resides in an underserved area as determined by ODH;

2. The child meets any other eligibility condition established by ODH.

The dental care services may be provided by deploying mobile dental units to schools and underserved areas. In administering the program, ODH must focus on increasing children's access to dental care and helping to reduce the incidence of dental cavities among children.

Smoking and tobacco

Flavored electronic liquids

(R.C. 2927.02)

The bill prohibits giving away, selling, offering for sale, advertising for sale, displaying, or marketing a flavored electronic liquid to any person, regardless of age. It defines "electronic liquid" as any solution containing nicotine, including synthetic nicotine, that is designed or sold for use with an electronic smoking device. A "flavored electronic liquid" means any electronic liquid with a "characterizing flavor," meaning any taste or smell other than the taste or smell of tobacco. Such flavor may be related to menthol, chocolate, cocoa, vanilla, honey, or mint, or any fruit, candy, dessert, alcoholic beverage, herb, or spice.

The prohibition applies to all persons, including a manufacturer, producer, distributor, wholesaler, or retailer of cigarettes, other tobacco products, alternative nicotine products, or papers to roll cigarettes, and agents, employees, and representatives of any of those persons.

The prohibition does not apply to nicotine-free liquids. Furthermore, the bill excludes nicotine-free liquids from the definition of "tobacco products." As a result, such products are exempted from the law prohibiting sale or distribution of such products to underage persons. Under current law, electronic smoking device liquids cannot be sold or distributed to persons under 21 years of age, regardless of whether they contain nicotine. This result is likely the result of a drafting error.

Registration of vapor products retailers

(R.C. 3701.841, 3701.842, 3701.843, and 3701.844)

The bill requires persons engaged in selling vapor products to Ohio consumers ("vapor retailers") to annually register with the ODH Director. Under continuing law, vapor products are goods, other than cigarettes or other tobacco products, that contain or are made or derived from nicotine, and that are intended and marketed for human consumption, including by smoking, inhaling, snorting, or sniffing. Vapor products include any component of an electronic smoking device, regardless of whether the component contains nicotine.[60]

A separate registration is required for each place of business, even if multiple places of business are under common ownership or control. Persons licensed under continuing law in the business of trafficking cigarettes or solely for vapor product distribution, i.e., for the sale of vapor products to retailers as opposed to consumers, are exempt from the bill's registration requirement. The registration requirement applies beginning one year after the bill's 90-day effective date.

Application

A person that seeks registration as a vapor retailer must submit a sworn application to the ODH Director that states all of the following:

[60] R.C. 2927.02(A)(11).

- The applicant's name, federal tax identification number, street address, telephone number, email address, and name of the manager for each place of business at which the applicant proposes to sell vapor products to consumers;
- The name, street address, telephone number, and email address of each owner of the place of business;
- If the owner is a business entity, the legal name of the business entity and the full name and title of all partners or members of the business entity;
- The total amount of sales, expressed in U.S. dollars, of vapor products to ultimate consumers at the place of business in the preceding registration period;
- A list of any sales of vapor products to minors at the place of business in the preceding registration period.

In addition, the ODH Director may require an applicant to submit documentation showing that each place of business complies with all state and local building, fire, and zoning requirements. All application materials must be submitted on a form designated by the ODH Director. Initial applicants must pay $400 in total fees for each proposed place of business.

Review

The ODH Director must review and make a determination on an application within 60 days after receipt. The Director may deny an application only if one or more of the following disqualifying conditions apply:

- The applicant willfully made a materially false statement in the application or in other correspondence with ODH;
- The applicant has not filed all returns, submitted all information, and paid all outstanding state taxes, charges, or fees;
- The application is incomplete or the applicant failed to provide documentation requested by the ODH Director regarding compliance with state and local building, fire, and zoning requirements;
- The ODH Director determines that the applicant lacks financial responsibility, experience, or general fitness as to warrant the belief that the business will be operated lawfully, honestly, and fairly;
- The applicant has been convicted, within the three preceding years, of a violation of the law governing the sale and distribution of cigarettes, tobacco products, alternative nicotine products, or vapor products (e.g., selling such products to a person under 21).

The bill allows, but does not require, the ODH Director to conduct an investigation as part of reviewing the application. The ODH Director may request the assistance of the Tax Commissioner in determining whether the applicant is current on all state taxes, fees, and charges. The Commissioner must respond to such a request within 20 days, and the bill specifies that such a response does not constitute an impermissible disclosure of taxpayer information. Continuing law permits disclosure of certain information in possession of the Department of

Taxation to other state agencies and offices under specified circumstances to aid in the implementation of state law. Otherwise, the disclosure of taxpayer information is prohibited and subjects the violator to employment termination and a fine.

If the application is approved, the ODH Director must issue the applicant a certificate of registration for each place of business described in the application. The certificate is valid for one year following the date of issuance. The vapor retailer must post the certificate in a prominent location adjacent to the vapor products that are offered for sale.

Transfer or assignment

A certificate of registration cannot be transferred or assigned except in the following circumstances:

- In the dissolution of a partnership by death, the surviving partner may operate under the certificate until it expires if the partner notifies ODH within 30 days after the dissolution;
- The heirs or legal representatives of a deceased vapor retailer may operate under the certificate until its expiration if the heirs or representatives notify ODH within 30 days of succession;
- The receivers and trustees in bankruptcy may operate under the certificate until its expiration if the receivers and trustees notify ODH within 30 days of dissolution.

Under continuing law, unchanged by the bill, the same transfer exceptions apply to the vapor products distributor license issued by the Tax Commissioner. The bill specifies that a certificate of registration does not constitute property and is, therefore, not subject to attachment of execution.

Renewal

A vapor retailer may renew a certificate of registration on or before the date it expires by filing an application for renewal and submitting a $200 annual registration fee for each place of business. The bill prohibits the ODH Director from renewing the certificate of a vapor retailer that has not paid all outstanding penalties (see "**Penalties**" below) or to which any of the disqualifying conditions, discussed above in "**Review**," apply.

Penalties

The bill allows the ODH Director to impose a penalty of up to $1,000 on any person that knowingly engages in selling vapor products from a place of business in Ohio without a certificate of registration, or who fails to display the registration adjacent to the vapor products offered for sale. However, the penalty is limited to $100 for recently lapsed registrations that expired no more than 90 days before the violation. The ODH Director may waive all or part of a penalty for reasonable cause.

The ODH Director may suspend or revoke a certificate of registration if the vapor retailer is convicted of a violation of the law governing the sale and distribution of cigarettes, tobacco products, alternative nicotine products, or vapor products or if the Director determines that any of the disqualifying conditions, discussed above in "**Review**," apply. Any person impacted by an adverse certification action taken may request an administrative hearing on the matter. The ODH

Director is to review the report and recommendation of the administrative hearing officer and make a final determination. Such determination may be appealed in accordance with the Administrative Procedure Act.

Tobacco Use Prevention Fund

The bill requires that all registration fees and fines paid by vapor retailers be deposited to the Tobacco Use Prevention Fund and used by ODH for the administration of the vapor retailer registration and for tobacco and nicotine prevention or cessation interventions.

Rulemaking

The bill requires the ODH Director to adopt rules for the administration of the vapor retailer registration. The rules must include procedures for appealing the denial, refusal to renew, suspension, or revocation of a registration. The bill specifies that such rules are not subject to agency rule restrictions, such as the requirement that agencies repeal two rules for every new rule adopted.

Lead abatement tax credit

(R.C. 3742.50)

The bill increases the maximum amount of the tax credit that can be issued by the ODH Director for lead abatement from $10,000 to $50,000.

Scope of environmental health specialists' practice

(R.C. 3776.01)

The bill eliminates a registered environmental health specialist (EHS) or an environmental health specialist in training's (EHS in training) authority to administer or enforce the hazardous waste law, the authority of which was initially granted in H.B. 33 from the 135th General Assembly in 2023. Under continuing law, an EHS or EHS in training engages in the practice of environmental health by administering and enforcing other various laws, including laws governing swimming pools, retail food establishments, food service operations, household sewage treatment systems, solid waste, and construction and demolition debris.

DEPARTMENT OF HIGHER EDUCATION

In-state undergraduate tuition and general fees

- Addresses restraints on in-state undergraduate tuition and general fee increases for FY 2026 and FY 2027, as follows:
  - Requires state universities to restrain tuition and fee increases but does not expressly limit or prohibit increases for them;
  - Limits community, state community, and technical colleges increases their tuition and general fees by not more than $5 per credit hour over what they charged in the previous academic year.

Student financial aid programs

Ohio College Opportunity Grant Program

- Establishes maximum Ohio College Opportunity Grant amounts for FYs 2026 and 2027, as follows:
  - For students at state institutions of higher education, $4,000;
  - For students at private nonprofit colleges and universities, $5,000;
  - For students at private for-profit colleges and schools, $2,000.

Governor's Merit Scholarship

- Extends the operation of the Governor's Merit Scholarship Program to FYs 2026 and 2027 with changes.

Ohio Work Ready Grant Program

- Requires the Chancellor of Higher Education to establish alternative criteria based on Ohio's emerging workforce needs to identify qualified programs for which a student may receive a first-time Ohio Work Ready Grant.
- Requires the Chancellor to collect and report data on technician-aligned associate degrees as a program metric.

State institutions of higher education

State institution rulemaking

- Changes the authority that governs the organization and promulgation of a state institution of higher education's rules not required by statute and makes related administrative changes.

Credential and work experience

- Requires each state institution of higher education to consider an applicant's work experience and credentials as part of its admissions process and grant credit for that or detail the opportunities and required documentation to gain that credit.

General education requirements

- Requires each state institution board of trustees to formally review, evaluate, and adjust its general education criteria in specified subject areas.

Guaranteed admission

- Guarantees each high school graduate in the top 10% of their graduating class admission to a state institution.
- Permits a state university to delay main campus admission and admit a high school graduate in the top 10% of the graduating class to a regional campus if the student does not meet the standards for unconditional admission.
- Guarantees Governor's Merit Scholarship recipient admission to the main campus of a state institution of higher education.

Co-Op Internship Program

- Requires state institutions to develop and implement, by the 2027-2028 academic year, a Co-Op Internship Program.
- Requires the Chancellor to consult with JobsOhio to develop the goals, structure, and parameters of the program.
- Requires state institutions, by June 30 of the year following the implementation of the program, and annually thereafter, to report specified metrics.

Fiscal caution status

- Requires the Chancellor, in consultation with OBM, to adopt rules regarding:
  - Criteria for determining when to declare a state institution under fiscal caution;
  - Requirements for a state institution on fiscal caution to submit a financial recovery plan, submit a three-year forecast of revenues and expenditures, consult with the Auditor of State regarding steps to bring the institution's financial accounting and reporting into compliance with the Auditor's requirements, and submit regular reports related to the fiscal caution; and
  - Criteria for determining when to declare the termination of a fiscal caution.
- Permits the Chancellor to impose limitations on a state institution that fails to comply with requirements related to a fiscal caution or fails to take decisive action to improve the institution's financial condition.

Use of financial indicators to evaluate institutions

- Requires the Chancellor to use specified financial indicators to determine whether a state institution board of trustees has taken any action related to pausing or stopping enrollment, submitted a withdrawal of accreditation, or taken any other action indicating the institution will undergo a wind down and dissolution of existence.

Fiscal integrity of state institutions

- Declares that requiring fiscal integrity of state institutions is the public policy and a public purpose of the state.
- Declares the intent of the General Assembly to enact procedures, provide powers, and impose restrictions to assure fiscal integrity of state institutions.
- Declares that the failure of a state institution to meet its fiscal obligations adversely affects the health, safety, and welfare of students and other people of the state.
- Permits the Chancellor to make recommendations and the Controlling Board to grant money from the catastrophic expenditures account to any state institution that suffers an unforeseen catastrophic event that severely depletes the institution's financial resources.

Governance authority requirements

- Requires a governance authority appointed for a state institution under conservatorship to include one member with expertise in academic affairs and accreditation and one member with expertise in either state agency budgets or state institution finances.
- If the governance authority determines closure is necessary or is appointed to facilitate an orderly closure, requires the governance authority to include in its quarterly report all matters related to compliance with institution closure requirements specified by the Chancellor.

Student record preservation plans

- Requires each state institution and each private nonprofit college or university annually to certify to the Chancellor a plan to preserve student records indefinitely if the institution were to close.

Higher education institution program review

- Requires each state institution and private nonprofit college or university annually to submit specified information to the Chancellor, including, among other information, accreditation status, a plan for the indefinite preservation of student records in case of closure, external degree program evaluations, and degree programs eliminated in the previous year.
- Permits the Chancellor to rescind program approval or institutional authorization if a college, university, or state institution does not submit the required information.
- Requires each state institution and private nonprofit college or university to notify the Chancellor if specified events occur related to federal government or accrediting organization monitoring, accreditation findings, and financial issues.

Contracts with unaccredited online program managers

- Establishes requirements for contractual agreements between private nonprofit colleges or universities or state institutions and any unaccredited online program manager that

grant the program manager input or authority on an academic program, including requirements for disclosure of such agreements, approval of new contractual agreements, and standards for those agreements.

College credit for military training, experience, and coursework

- Permits the Chancellor to require higher education institutions and schools to establish a process to evaluate military training, experience, and coursework and to award appropriate equivalent college credit to veterans.

Strategic Square Footage Reduction Fund

- Creates the Strategic Square Footage Reduction Fund to make revolving loans to state higher education institutions for voluntary physical square footage reduction.
- Requires the Treasurer of State to transfer funds from the Ohio Tuition Reserve Fund and the Ohio Tuition Trust Fund to the Strategic Square Footage Reserve Fund.

Eastern Gateway Community College

- Repeals the law establishing Eastern Gateway Community College on June 30, 2027, and requires the Chancellor to ensure continuity of postsecondary educational access in Eastern Gateway's former service district.

College Credit Plus Program

- Permits the Chancellor, in consultation with the Director of Education and Workforce, to ensure that state institutions and school districts are fully engaging and participating in the College Credit Plus Program (CCP).
- Requires the Chancellor and Director to work with public secondary schools and partnering state institutions to encourage the establishment of model pathways that prepare participants to successfully enter the workforce in certain fields.
- Requires students enrolled under a statewide innovative waiver pathway to follow a model pathway, with specific priority on pathways aligned with engineering technology and other fields essential to the superconductor industry.

Direct Admissions Pilot Program

- Establishes the Direct Admissions Pilot Program to notify students in participating high schools if they meet the admissions criteria for participating postsecondary institutions.

Centers of Civics, Culture, and Society

- Requires the Chancellor and the Centers of Civics, Culture, and Society at specified state universities to develop and implement a plan so that the centers may benefit Ohio by, among other things, offering programming at other state institutions.

Attainment level report

- Eliminates the annual report regarding the progress the state is making in increasing the percentage of adults in the state with a postsecondary degree or credential.
- Requires the Chancellor, in collaboration with the Department and the Governor's Office of Workforce Transformation, to establish the level of attainment necessary to achieve identified performance targets across a range of degrees and credentials.

Co-Op/Internship Program report

- Eliminates the annual report on the academic and economic impact of the Ohio Co-Op/Internship Program.

"Teach CS" Grant Program

- Expands the scope of teachers to which the "Teach CS" Grant Program applies.
- Clarifies the purposes for which grant funds may be used.

Background

As used in this chapter of the analysis:

A **state institution of higher education** means any of the 14 state universities and each community college, state community college, technical college, and university branch campus.

The **state universities** are the University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Northeast Ohio Medical University, Ohio University, Ohio State University, Shawnee State University, University of Toledo, Wright State University, and Youngstown State University.

Ohio technical centers are career-technical centers and schools that provide adult education and are recognized as such by the Chancellor of Higher Education.

In-state undergraduate tuition and general fees

(Section 381.260)

For the 2025-2026 and 2026-2027 academic years, the bill restrains the increases for in-state undergraduate tuition and fees at each state institution of higher education.

State universities

Unlike in previous biennia, however, the bill does not establish express limitations on tuition and general fee increases for state universities in either of those years, nor does it expressly prohibit any increase by them.

Under continuing law unaffected by the act, each state university must establish a tuition guarantee program. Under a program, each entering cohort of in-state undergraduate students pays an immediate increased rate for instructional and general fees, but that rate is guaranteed not to increase again for that cohort for the next four years. That increase is a combination of a

measure of inflation and the percentage increase the General Assembly permits for a fiscal year. If the General Assembly does not establish a limit, then a state university is not limited in increasing its tuition and fees.[61]

Community colleges

On the other hand, the bill establishes express restraints on increases for community, state community, and technical colleges. Specifically, for each of those academic years, each college may not increase its tuition and general fees more than $5 per credit hour over what it charged in the previous academic year. Those limits explicitly exclude student health insurance, fees for auxiliary goods or services provided to students at the cost incurred to the college, fees assessed to students as a pass-through for licensure and certification exams, fees for elective courses associated with travel experiences, elective service charges, fines, and voluntary sales transactions.

Student financial aid programs

Ohio College Opportunity Grant Program

(Section 381.490)

The bill establishes maximum Ohio College Opportunity Grant award amounts for FY 2026 and FY 2027 for each higher education institutional sector. Specifically, for both years, the maximum amounts are as follows:

Institutional sector	Award amount
State institution of higher education	$4,000
Private nonprofit college or university	$5,000
Private for-profit career college or school	$2,000

The Ohio College Opportunity Grant Program is the state's main needs-based financial aid program for higher education students. For more information about the program, see the LSC Ohio College Opportunity Grant: Q&A (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/publications.

Governor's Merit Scholarship

(Section 381.400)

The bill extends the operation of the Governor's Merit Scholarship Program to FY 2026 and FY 2027. Under the program, the Chancellor of Higher Education awards merit-based, four-year, $5,000 scholarships to qualifying Ohio high school graduates attending state institutions of higher education or private nonprofit colleges or universities in Ohio.

[61] R.C. 3345.48.

In addition to extending the program, the bill makes the following changes to it:

1. Permits the Chancellor to use the program's appropriations to pay for the program's administrative costs;

2. Clarifies that, to qualify, a student must be in the top 5% of the student's graduating class at the end of the student's junior year to qualify for a scholarship;

3. Clarifies that public or chartered nonpublic schools must determine student eligibility using criteria established by the Chancellor, in consultation with the Director of Education and Workforce; and

4. Requires school districts and chartered nonpublic high schools to provide information requested by the Chancellor regarding scholarship eligibility determinations.

The program was first enacted in H.B. 33 of the 135th General Assembly, effective July 4, 2023, the main appropriations act of that biennium and began operation in FY 2025. For more information about the program and its operation, see page 328 of the LSC H.B. 33 Final Analysis (PDF), which is available on the General Assembly's website: legislature.ohio.gov.

Ohio Work Ready Grant Program

(R.C. 3333.24)

The bill requires the Chancellor to establish, in consultation with the Office of Workforce Transformation, alternative criteria to identify qualified programs eligible for the Ohio Work Ready Grant Program. The criteria must be based on the emerging workforce needs of the state. The bill also specifies that the industry-recognized credential metric reported by the Chancellor include technician-aligned associate degrees. Current law requires that the Chancellor collect and report various program metrics including demographics, success rates of recipients, and total number of industry-recognized credentials disaggregated by subject or program area.

State institutions of higher education

State institution rulemaking

(R.C. 3345.033, 3345.14, 3345.57, and 3345.69; Section 701.10)

The bill changes the law regarding rulemaking by state institutions of higher education. Under the bill, unless a statute expressly requires state institutions to use one of the two rulemaking procedures established under continuing law, neither of those procedures apply to state institutions. Instead, the bill generally exempts a rule that is posted on a state institution's website, as required under continuing law, from review by the Joint Committee on Agency Rule Review (JCARR) and the law governing the existing rulemaking procedures.

The bill requires a state institution annually to submit an electronic copy of all its effective rules to the Chancellor and to the chairpersons of the Senate and House of Representatives higher education committees. Upon receiving, or failing to receive, a copy of a rule, the chairpersons may hold a hearing and require that a representative of the state institution provide testimony regarding the rule.

Further, the bill eliminates the requirement that the Legislative Service Commission Director to publish any rules adopted by a state institution in the register of Ohio and in any electronic Administrative Code published by or under contract with the Director and the requirement that the state institution file a copy of the rule with JCARR.

Continuing law requires a state institution to post any adopted rules on the institution's website, maintain the posting of its rules, and periodically verify the posting. Continuing law also specifies that a state institution is not entitled to rely on a rule that is not posted on its website.

As soon as practicable, the bill requires the LSC Director to remove rules adopted before the bill's effective date by a state institution or its governing body from the electronic Administrative Code.

Background

Under continuing law, an administrative rule can be effective as part of the law only after its adopting agency has taken it through a statutorily prescribed rulemaking procedure. There are two general statutory rulemaking procedures, one in the Administrative Procedure Act (APA) – R.C. Chapter 119 – and the other in R.C. 111.15. Generally, if an agency is not required to follow the APA rulemaking procedure, it must follow the procedure of R.C. 111.15. The R.C. 111.15 procedure therefore is a default.

Credential and work experience

(Section 381.740)

The bill requires each state institution of higher education, prior to admitting any students applying after July 1, 2025, to consider the applicant's work experience and credentials as part of the institution's admissions process. The bill states that an applicant's experience and credentials need not to align to the program or discipline the applicant is pursing to be considered a positive reason for the state institution to admit the student.

Upon a student's acceptance, a state institution must either grant credit for prior learning or experience or detail the potential opportunities and required documentation to grant such credit based on the review of the information the student provided in an application.

General education requirements

(Section 381.750)

Under the bill, each state institution of higher education board of trustees must formally review and evaluate the components of its general education curriculum and adopt a resolution acknowledging it has done so by December 31, 2025. Each board of trustees must submit its resolution to the Chancellor.

By March 31, 2026, each board of trustees must formally evaluate its general education curriculum to enhance content that furthers the state's postsecondary education attainment and workforce goals. In conducting the evaluation, the board of trustees must consider adjusting that curriculum in:

1. Civics, culture, and society, including U.S. and Ohio history, the foundations of American representative government, how to disagree in a civil manner, and the principles of civil discourse;

2. Artificial intelligence, STEM, and computational thinking;

3. Entrepreneurship and the principles of innovation;

4. Workforce readiness, including fundamental skills necessary for Ohio's graduates to gain employment in in-demand occupations.

Each board of trustees must, by June 30, 2026, adopt a resolution summarizing the changes made to its general education curriculum as a result of the evaluation process. A copy of that resolution must be submitted to the Chancellor. The bill subjects any adjustments to the curriculum to the Chancellor's program approval process as well.

The Chancellor must provide a copy of each resolution submitted under the process to the Governor, Speaker of the House, and President of the Senate.

Guaranteed admission

(R.C. 3345.06)

The bill guarantees each high school graduate who is in the top 10% of their graduating class as determined by the Chancellor admission to any state institution of higher education. If the student does not meet the standards for unconditional admission, a state university may delay main campus admission and instead admit the student to a university branch campus.

The bill also guarantees admission to the main campus of any state institution of higher education for each recipient of the Governor's Merit Scholarship.

Under continuing law, generally, state universities must accept for undergraduate coursework students who complete the requirements for high school graduation. If a state university determines a student needs academic remedial or developmental coursework, the university may delay admission or conditionally admit a student upon the student's completion of that coursework at a university branch, community college, state community college, or technical college.

Co-Op Internship Program

(R.C. 3345.83)

The bill requires each state institution of higher education to develop and implement a Co-Op Internship Program by the 2027-2028 academic year. The program must align with JobsOhio's target economic sectors and connect students with Ohio-based employers to facilitate work-based learning opportunities related to the student's course of study. This may include apprenticeships, internships, externships, and co-ops. The bill requires institutions to work with JobsOhio to develop and implement their program, including identifying industry and employer partners.

The bill requires the Chancellor to consult with JobsOhio to develop the goals, structure, and parameters of the program. The Chancellor may consult with other stakeholders as well.

The bill requires each institution annually to issue a report to the Chancellor on the status of the program beginning June 30 following the academic year in which the program is implemented. This report must include the number of participating students, which employers are partnering with the institution, and the number of participating students that have received or accepted offers of post-graduation employment as a direct result of their participation in the program.

Fiscal caution status

(R.C. 3345.71 and 3345.721)

The bill requires the Chancellor, in consultation with OBM, to adopt rules that include:

1. Criteria for determining when to review and, if necessary, declare a state institution of higher education under fiscal caution. The criteria may include:

a. A significant drop in enrollment from the prior year;

b. A decline in enrollment for consecutive years;

c. A significant increase in enrollment;

d. A significant increase in adjunct faculty;

e. An increase in student complaints;

f. An increase in the number of or a notable presence of third-party providers, which may include online program managers;

g. Federal financial aid processing delays;

h. Reduced or increased reliance on State Share of Instruction;

i. Receipt of substantial nonrecurring revenue, from any source, that could signify a structural budget deficit;

j. A delay in completing a yearly audit even if granted an extension;

k. A lack of proper institutional segregation of critical duties, functions, or responsibilities; and

l. Significant turnover of faculty, staff, or administrators.

2. A requirement that a state institution declared to be on fiscal caution submit a financial recovery plan, within a defined period of time after the declaration as determined by the Chancellor, that may include:

a. Projections of revenue and expenditures over a three-year time horizon and on such other time horizons as may be requested by the Chancellor;

b. A comprehensive review of current staffing levels and a five-year historical summary of staffing levels;

c. A review of the most recent submission of institutional recommendations for courses and programs based on enrollment and duplication with other state institutions, as

required under continuing law,[62] and submission of revised recommendations as determined to be necessary;

d. A review of any approved tuition waivers or scholarship programs;

e. A plan to reduce expenditures over a six-month, 12-month, 18-month, and 24-month period, as necessary, to align ongoing revenue with ongoing expenses;

f. A review of contracts that are the largest portion of the state institution's expenditures; and

g. A program viability analysis, or analyses, as determined by the Chancellor to be necessary in accordance with law unchanged by the bill.[63]

3. A requirement that a state university institution declared to be on fiscal caution submit a three-year forecast of revenues and expenditures, approved in a resolution adopted by the university's or college's board of trustees. The three-year forecast must be structurally balanced based on a set of underlying assumptions, including enrollment projections, tuition revenue, and state funding levels, that are evidence-based and practicable.

4. A requirement that a state institution declared to be on fiscal caution consult with the Auditor of State regarding any necessary or appropriate steps to bring the books of account, accounting systems, and financial procedures and reports of the institution into compliance with requirements prescribed by the Auditor of State regarding desirable modifications and supplementary systems and procedures pertinent to the university or college. The Auditor of State must provide a written report to the institution's board of trustees outlining the nature of the financial accounting and reporting problems of the university or college and recommendations for actions to be undertaken to correct the financial accounting and reporting problems. If requested by the institution or recommended by the Chancellor, the Auditor of State may additionally perform a performance audit of the institution.

5. A requirement that for the duration of a fiscal caution, a state institution must submit regular reports on any of the above matters or new matters identified by the Auditor of State or the Chancellor as contributing to the reason for the declaration, preventing the recovery of the institution, or the inability to be removed from fiscal caution; and

6. Criteria for determining when to declare the termination of the fiscal caution of a state institution.

The bill requires a state institution to provide the Chancellor with all information requested in the time and manner determined by the Chancellor. Failure to comply in a satisfactory manner, as determined by the Chancellor, may result in a declaration of a fiscal watch.[64] The bill also permits the Chancellor to impose limitations on a state institution that fails

[62] R.C. 3345.35, not in the bill.

[63] R.C. 3333.073, not in the bill.

[64] R.C. 3345.72, not in the bill.

to comply with the law or rules adopted regarding fiscal cautions or that fails to take decisive action to improve the institution's financial condition. Those limitations may include:

1. Limitations on eligibility to participate in grants and programs administered by the Chancellor;

2. Limitations on approval of a new degree program or associated certificates;

3. Suspension of additional enrollment in an educational program;

4. Restriction of an increase in any special fee or a creation of a new fee;

5. Limitations on the power of the board of trustees to enter into any new or renewed contracts without prior approval from the Chancellor; and

6. Withholding approval of any Controlling Board request for capital projects.

Use of financial indicators to evaluate institutions

(R.C. 3345.74)

The bill requires the Chancellor to use the financial indicators and standards adopted by the Chancellor under continuing law to determine if a state institution board of trustees has taken any action related to pausing or stopping enrollment, submitted a withdrawal of accreditation, or taken any other action indicating it will no longer offer educational activity or will undergo a wind down and dissolution of existence.

Under continuing law, the Chancellor must adopt financial indicators and standards used to determine whether a state university or college under a fiscal watch is experiencing sufficient fiscal difficulties to warrant the appointment of a conservator.[65]

Fiscal integrity of state institutions

(R.C. 3345.79)

The bill declares pursuant to the authority of the General Assembly to provide for the public health, safety, and welfare, that it is the public policy and a public purpose of the state to require fiscal integrity of state institutions so that they can educate students, pay when due principal and interest on their debt obligations, meet financial obligations to their employees, vendors, and suppliers, and provide for proper financial accounting procedures, budgeting, and taxing practices. The failure of a state institution to so act is determined under the bill to adversely affect the health, safety, and welfare of the students and other people of the state. The bill also declares the intention of the General Assembly, under the proposed law regarding fiscal caution and existing laws regarding fiscal watches, to enact procedures, provide powers, and impose restrictions to assure fiscal integrity of state institutions.

The bill permits the Chancellor to make recommendations, and the Controlling Board to grant money from, the catastrophic expenditures account to any state institution that suffers an unforeseen catastrophic event that severely depletes the institution's financial resources. The

[65] R.C. 3345.73, not in the bill.

Chancellor must make recommendations for the grants in accordance with rules adopted by the Chancellor, after consulting with the OBM Director. A state institution cannot be required to repay any grant awarded under this process, unless it receives money from the state or a third party, including an agency of the federal government, specifically for the purpose of compensation the institution for revenue lost or expenses incurred as a result of the unforeseen catastrophic event.

Governance authority requirements

(R.C. 3345.75)

The bill requires a governance authority appointed for a state institution of higher education under conservatorship to include one member with expertise in academic affairs and accreditation and one member with expertise in either state agency budgets or state institution finances.

The bill also requires a governance authority to include in its quarterly report if the governance authority determines closure is necessary or, if the governance authority is appointed to facilitate an orderly closure, as determined to be necessary by the board of trustees prior to the governance authority's appointment, all matters related to compliance with the requirements of a closure of an institution of higher education as specified by the Chancellor.

Under continuing law, a governance authority appointed for a state institution must submit a quarterly report to the Chancellor, the Governor, the Speaker and Minority Leader of the House of Representatives, and the President and Minority Leader of the Senate, that sets forth information on the general conditions of the college, expenses, progress with improvements, and matters the governance authority considers useful.

Student record preservation plans

(R.C. 1713.033 and 3345.601)

The bill requires each state institution of higher education and each private nonprofit college or university to annually certify to the Chancellor, on a date and in the form and manner determined by the Chancellor, a plan to preserve student records indefinitely if it was to cease operations. The plan must include the designation and signed confirmation of an official custodian of student records. If the Chancellor determines it necessary, the Chancellor may require an institution to produce an executed agreement with the designated custodian of students that is paid in full, to ensure the institution's plan can be implemented.

The bill permits the Chancellor to consult with the Higher Learning Commission, the State Board of Career Colleges and Schools, and other appropriate entities to establish plans, processes, and procedures for institutions and schools to provide indefinite access to student records.

Higher education institution program review

(R.C. 1713.041 and 3333.074)

Annual reporting

The bill requires each state institution of higher education and private nonprofit college or university to annually report information to the Chancellor. This information includes all of the following:

1. Verification of current accreditation status and a copy of the most recent institutional report from the Higher Learning Commission, for state institutions, or from the institution's accrediting organization, for private nonprofit colleges or universities;

2. A plan to preserve student records indefinitely in the event of closure of the institution or discontinuation of service. The plan must include a method by which students and alumni of the institution may retrieve student records by request. The plan also must include a designation and signed confirmation of an official custodian of student records. Student records preserved under the plan must include academic transcripts, financial aid documents, international student forms, and tax information;

3. The results of any external degree program evaluations that occurred in the last year;

4. Any degree programs eliminated in the last year; and

5. Any other information requested by the Chancellor.

Private nonprofit colleges and universities must also provide a list of current degree programs offered in Ohio and the latest financial statement for the most recent fiscal year compiled and audited by an independent certified public accountant, including any management letters provided by the independent auditor.

If a state institution fails to submit the required information, or if the Chancellor finds the information is insufficient, the Chancellor may rescind program approval. If a private nonprofit college or university fails to submit the required information or the Chancellor finds the submitted information is insufficient, the Chancellor may suspend, withdraw, or revoke the college or university's institutional authorization or a program's authorization.

Notice requirements

The bill requires each state institution and private nonprofit college or university to immediately inform the Chancellor if the institution does any of the following:

1. Receives notice from the federal government or an institutional accrediting organization that the institution is subject to heightened reporting standards or special monitoring status, such as the U.S. Department of Education's heightened cash monitoring process;

2. Receives preliminary or final accreditation findings;

3. Becomes the subject of an investigation by a government agency related to the institution's academic quality, financial stability, or student consumer protection;

4. Fails to make any payments to applicable retirement systems. For state institutions, the bill presents the Public Employees Retirement System or the State Teachers Retirement System as examples;

5. Fails to make any scheduled payroll payments;

6. Fails to make any payments to vendors when due as a result of a cash deficiency or a substantial deficiency in the payment processing system of the institution;

7. Fails to make any scheduled payment of principal or interest for short- or long-term debt;

8. Makes budget revisions resulting in a substantially reduced ending fund balance or larger deficit; or

9. Becomes aware of significant negative variance between the most recently adopted annual budget and actual revenues or expenses as projected at the end of the fiscal year.

A state institution must also immediately notify the Chancellor if the institution requests an advance of a state subsidy.

The bill clarifies that a document received by the Chancellor from a state institution or private nonprofit college or university pertaining to heightened reporting standards, special monitoring status, accrediting findings, or government investigations that is confidential under federal law is not subject to release under a public record request until such time as that document is released publicly to the appropriate entity. Further, for private nonprofit colleges and universities, financial documentation received by the Chancellor is not considered a public record under the bill.

Contracts with unaccredited online program managers

(R.C. 1713.03, 1713.032, and 3333.0420)

The bill defines a "contractual agreement" as a contract in which a private nonprofit college or university holding a certificate of authorization, or seeking a certificate of authorization, or a state institution of higher education, grants an unaccredited online program manager input on or authority over specified components for an academic program. These components include curriculum development, design, or maintenance, student assessment and grading, course assessment, admissions requirements, appointment of faculty, faculty assessment, decisions to award course credit or credential, and institutional governance.

Requirements for private nonprofit colleges or universities

The bill requires each private nonprofit college or university, in its annual report to the Chancellor, to disclose any unaccredited online program manager it has contracted with to provide instruction to its students. The bill also permits the Chancellor to request a private nonprofit college or university to provide the Chancellor with all information concerning a contractual agreement, including a copy of the agreement.

Under the bill, a college or university intending to enter into a contractual agreement for an academic program must submit appropriate documentation as requested by the Chancellor and obtain the Chancellor's approval prior to entering into the agreement.

If a college or university enters into a contractual agreement under the bill, the agreement must include a provision that requires it to maintain responsibility for and oversight of the academic program as specified in the standards and procedures for academic program approval used by the Chancellor. The college or university must also ensure each academic program is offered in the manner approved by the Chancellor or must formally request approval of a significant change to the previously approved program or approval of a new academic program.

The bill prohibits a college or university from entering into a contractual agreement if the agreement does not include a provision granting the Chancellor the authority to invalidate the contract if the Chancellor determines the agreement is not in compliance with the standards and procedures for academic program approval or a certificate of authorization. If the Chancellor invalidates a contract the college or university may not enroll new students and must offer current students either remediated instruction at no cost to the student or a full refund in tuition.

Requirements for state institutions of higher education

The bill requires each state institution of higher education to annually report to the Chancellor, in a form and manner determined by the Chancellor, each contractual agreement the institution entered into in that year. The bill also permits the Chancellor to request a state institution to provide the Chancellor with all information concerning a contractual agreement, including a copy of the agreement.

The bill permits the Chancellor to require each state institution to submit a contractual agreement prior to the execution of the agreement for a review to ensure compliance with the standards and procedures for academic program approval.

The bill requires a state institution to include in each contractual agreement a provision that requires it to maintain responsibility for and oversight of the academic program as specified in the standards and procedures for academic program approval used by the Chancellor. A state institution must ensure each academic program is offered in the manner approved by the Chancellor or formally request approval of a significant change to a previously approved program or approval of a new academic program.

Under the bill, a state institution that enters into a contractual agreement must notify students which parties are providing instruction, recruitment, and other services under the agreement.

The bill prohibits a state institution from entering into a contractual agreement unless the agreement includes a provision granting the Chancellor the authority to invalidate the contract if the contract was not approved by the Chancellor if the Chancellor determines the agreement is not in compliance with the standards and procedures for academic program approval. If the Chancellor invalidates a contract, the state institution may not enroll new students and must offer current students either remediated instruction at no cost to the student or a full refund in tuition.

College credit for military training, experience, and coursework

(R.C. 3333.164)

The bill permits the Chancellor to require a state institution of higher education, private nonprofit college and university, and private, for-profit career college and school to establish a process to systematically evaluate military training, experience, and coursework and to award appropriate equivalent college credit to a student who is a veteran of the armed forces. The Chancellor may adopt rules to implement those requirements.

Background

Continuing law requires the Chancellor to develop a set of standards and procedures for state institutions to utilize regarding military training and college credit.

Strategic Square Footage Reduction Fund

(R.C. 3333.96, 3334.11, and 3334.12)

The bill creates in the state treasury the Strategic Square Footage Reduction Fund to make revolving loans to state institutions of higher education that enable the voluntary reduction of physical square footage. The fund must consist of money credited or transferred to it, grants, gifts, and contributions made directly to it, or any funds transferred from the Ohio Tuition Trust Fund.

The bill requires the Chancellor to administer and award, in consultation with the Ohio Facilities Construction Commission (FCC), the revolving loans and requires the Chancellor to establish all of the following:

1. Procedures and forms by which state institutions may apply for a loan;

2. A competitive process for ranking applicants and awarding the loans, with priority consideration given to state institutions that have experienced a decrease in their general student population, as determined by the Chancellor; and

3. Procedures and timelines for distributing loans and collecting payments for the Strategic Square Footage Reduction Fund.

Application

The bill requires each state institution to include in its application all of the following:

1. The extent to which the square footage may have value if sold or reallocated to serve other purposes, which may include K-12, career-technical, or adult educational purposes, community interests, or business and industry partnerships;

2. The relative age and condition of the facilities to be deconstructed;

3. Historical enrollment patterns as well as future enrollment projections;

4. The composition of classes offered in person versus in an online format;

5. The level of deferred maintenance;

6. The prior level of state investment;

7. The amount of annual operating expenses defrayed by eliminating the square footage; and

8. A report from OBM detailing the extent and status of past capital budget appropriations supporting the project and the existence of any outstanding bonded debt derived from that support.

The Chancellor and the FCC must consider this information supplied by a state institution in its application when making final awards.

Loan requirements

Each state institution that receives a loan must certify to the Chancellor, on a date and in a form and manner prescribed by the Chancellor, a summary of financial information regarding the loan. Prior to a state institution using the loan to pay demolition costs of a facility, the following must occur:

1. The board of trustees of the state institution must adopt a resolution approving the demolition; and

2. Any net proceeds received from any demolition of property must, at the direction of the Director of OBM, be credited to a fund or funds in the state treasury or to accounts held by the state institution.

The bill prohibits each state institution that is receiving a loan for the reduction of physical square footage from constructing any new facility during the period in which demolition is occurring.

Transfer of funds from the Ohio Tuition Trust Fund

The bill requires the Treasurer of State to, upon request by the Chancellor and approval by the Director of OBM, transfer funds from the Ohio Tuition Reserve Fund to the Strategic Square Footage Reduction Fund.

Upon completion of the annual evaluation of the actuarial soundness of the Ohio Tuition Trust Fund, the bill requires the Treasurer, upon request by the Chancellor, to transfer the amount determined to be surplus of the amount necessary to keep the fund actuarily sound from the Ohio Tuition Trust Fund, provided that at least 5% of the surplus amount remains in the Ohio Tuition Trust Fund.

Ohio Tuition Trust Fund and the Ohio Constitution

The Ohio Tuition Trust Fund and the Ohio Tuition Reserved Fund are used to support the Guarantee Savings Plan Program. The Ohio Constitution and continuing law establish that program to allow individuals to open accounts to purchase tuition units that can be redeemed against the cost of tuition at state institutions of higher education. However, in 2003, the opening of accounts and sale of units were suspended, in accordance with continuing law, due to concerns about the program's actuarial soundness.

While the bill permits funds to be transferred from the Tuition Trust Fund to the Strategic Square Footage Reduction Fund, Article VI, Section 6(B) of the Ohio Constitution otherwise

requires that any assets maintained in the Ohio Tuition Trust Fund be used solely for the purposes of that fund and provides that, upon the Guaranteed Savings Plan Program's termination, any funds left In the Trust Fund must be transferred to the General Revenue Fund.

Eastern Gateway Community College

(R.C. 3354.24, repealed; conforming change in R.C. 3354.19; Sections 105.10, 381.730, and 733.40)

The bill addresses the recent decision to dissolve Eastern Gateway Community College in several ways. First, it provides for the repeal of the law establishing Eastern Gateway, effective June 30, 2027. It also requires the Chancellor, in consultation with postsecondary educational institutions and other stakeholders, to monitor and evaluate the ongoing availability of postsecondary educational offers in Eastern Gateway's former four-county service district.

To the extent practicable, the Chancellor must seek to ensure strong continuity of postsecondary educational access to residents of the district, with a particular focus on access to programs aligned with regional workforce priorities. If determined necessary, the Chancellor may seek favorable outcomes by engaging with other postsecondary educational institutions to encourage access to educational opportunities, including outcomes associated with academic program offers, program-related equipment, or physical facilities.

Finally, the bill specifically states that nothing prohibits any other community, state community, or technical college from serving Eastern Gateway's former district. Though, such college is still subject to the Chancellor's academic program approval process and must seek approval under rules adopted by the Chancellor.

Eastern Gateway was established in H.B. 1 of the 128th General Assembly, effective October 16, 2009, the main appropriations act of that biennium. That act added Columbiana, Mahoning, and Trumbull counties to the existing territory of Jefferson Community College's district (Jefferson County), renamed Jefferson Community College as Eastern Gateway Community College, and established a new board of trustees to operate the college.

According to the Department of Higher Education's website, Eastern Gateway announced a pause in registration and enrollment for future semesters on February 21, 2024. On May 15, 2024, it further announced it would dissolve by October 31, 2024, with all instruction ending no later than August 31, 2024. For more information see Eastern Gateway Community College Information on the Department's website: highered.ohio.gov.

College Credit Plus Program

(Section 381.720)

The bill permits the Chancellor, in consultation with the Director of Education and Workforce, to take action as necessary, to ensure that state institutions of higher education and school districts are fully engaging and participating in the College Credit Plus Program (CCP). These actions may include publicly displaying program participation data by district and institution. Under new law taking effect on February 25, 2025, the Chancellor is *required* to, in consultation with the Department of Education and Workforce, take action as necessary to

ensure that state institutions and secondary schools are fully engaging and participating in CCP. These actions also may include publicly displaying program participation data by district and institution.[66]

For the "model pathways" required under continuing law, the bill continues the requirement established in H.B. 33 of the 135th General Assembly in 2023 for the Chancellor and Director to work with public secondary schools and partnering state institutions, as necessary, to encourage the establishment of model pathways that prepare participants to successfully enter the workforce in certain fields – which may include any of the following:

1. Engineering technology and other fields essential to the superconductor industry;

2. Nursing, with particular emphasis on models that facilitate a participant's potential progression through different levels of nursing;

3. Teaching and other related education professions;

4. Social and behavioral or mental health professions;

5. Law enforcement or corrections; and

6. Other fields as determined appropriate by the Chancellor and Director, in consultation with the Governor's Office of Workforce and Transformation.

The bill also requires students enrolled under a statewide innovative waiver pathway to follow a model pathway, with specific priority on pathways aligned with engineering technology and other fields essential to the superconductor industry.

Under continuing law, each public secondary school, in consultation with at least one partnering state institutions, is required to develop two model pathways for courses offered under CCP. One model pathway must be a 15-credit hour pathway and one must be a 30-credit hour pathway. Pathways may be organized by desired major or career path and may include various core courses required for a degree or professional certification by the college. Continuing law does not prescribe specific professional fields for model pathways. Continuing law also permits one or more state institutions or private colleges, in collaboration with at least one industry partner, to propose a CCP statewide innovative waiver pathway to the Chancellor for approval. Continuing law permits any public or nonpublic secondary school or state institution or private college to use an approved pathway.[67]

Direct Admissions Pilot Program

(Section 381.770)

Purpose

The bill requires the Chancellor, in consultation with the Director of Education and Workforce, to establish the Direct Admissions Pilot Program. Under the pilot program, the

[66] R.C. 3365.14, not in the bill.

[67] R.C. 3365.13 and 3365.131, not in the bill.

Chancellor must determine whether high school seniors in participating schools meet the admissions criteria for participating postsecondary institutions. The Chancellor then must notify participating students of the determination. The bill expressly prohibits requiring any student, school, or institution from participating in the pilot program.

Operation

To facilitate the pilot program, the Chancellor must establish a process that uses a student's academic record to determine whether the student meets the admissions requirements. To the extent practicable, and in accordance with applicable law, the Chancellor must use existing student information systems to automate the process. The Chancellor also must use information held by the student's school to minimize the need for a student to provide additional information.

The bill authorizes the Chancellor to establish eligibility requirements for students, schools, and postsecondary institutions who elect to participate in the pilot program. The Chancellor also may consult with stakeholders and form advisory councils as necessary to design and operate the pilot program.

The Chancellor must "endeavor" to implement the pilot program so students graduating in the 2026-2027 school year may participate in it. Conversely, the bill also authorizes the Chancellor to terminate the pilot program if it is impracticable to operate.

Participating schools and institutions

The bill permits any school district, community school, STEM school, or chartered nonpublic school to apply to participate in the pilot program. Similarly, any state institution of higher education, private nonprofit college or university, or Ohio technical center may apply to participate. The Chancellor must approve the application of any school or institution that meets any eligibility requirements established by the Chancellor.

The governing body of a participating district or school may adopt a policy authorizing any high school it operates to participate in the pilot program. Within 90 days of adopting a policy, the governing body must transmit it to the Chancellor and the Director. The governing body also must develop a procedure to determine whether a student who wants to participate in the pilot program meets any eligibility requirements established by the Chancellor.

Report

The Chancellor, in consultation with the Director, must issue a report on the pilot program at least once each school year by a date set by the Chancellor. The report must include information about the number of students who participate in the program. It also must evaluate, to the extent practicable, the impact of the pilot program on postsecondary outcomes for students from populations traditionally underserved in higher education. The Chancellor must submit the report to the Governor, the Senate President, the Speaker of the House, the Director of Education and Workforce, the OBM Director, and the Governor's Office of Workforce Transformation.

Centers for Civics, Culture and Society

(Section 381.415)

The bill requires the Chancellor to consult with the directors, or director designees, of the Centers of Civics, Culture, and Society to evaluate the extent to which the centers may be leveraged for Ohio's benefit. Each director, or designee, must submit to the Chancellor a summary of recommendations and a plan to achieve maximum state benefit by March 31, 2026. The plan must include options to establish programming at other state institutions of higher education such as seminars, lectures, student courses, and assisting faculty with curriculum development or sharing of curricula developed by the centers. In developing the summary and plan, the centers must seek to achieve the broadest geographic coverage possible.

Effective July 1, 2026, the Chancellor may require centers to engage in activities in their summary of recommendations. Each center must use a portion of its state funding to benefit the entire state. Each center also must report in its annual report the percentage of its state funds used to assist other universities and a summary of types of services and benefits provided.

Continuing law establishes centers at Ohio State University, Miami University, Cleveland State University, Wright State University, and the University of Toledo.[68]

Attainment level report

(R.C. 3333.0415)

The bill eliminates the requirement for the Chancellor of Higher Education, in collaboration with the Department of Education and Workforce, to prepare an annual report regarding the progress Ohio is making in increasing the percentage of adults in the state with a college degree, industry certificate, or other postsecondary credential to 65% by 2025. Instead, the bill requires the Chancellor, in collaboration with the Department and the Governor's Office of Workforce Transformation, to establish the level of attainment necessary to achieve identified performance targets across a range of degrees and credentials.

Co-Op/Internship Program report

(R.C. 3333.041)

The bill eliminates the annual report on the academic and economic impact of the Ohio Co-Op/Internship Program. Under current law, the Chancellor is required to submit an annual report on the program to the Governor and the General Assembly. The report must include progress and performance metrics for each initiative that received an award in the previous fiscal year; economic indicators of the impact of each initiative, and all initiatives as a whole, on the regional economies and the statewide economy; and the Chancellor's strategy in allocating awards among state institutions of higher education and how the actual awards fit that strategy.

[68] R.C. 3335.39, 3339.06, 3344.07, 3352.16, and 3364.07, none in the bill.

"Teach CS" Grant Program

(R.C. 3333.129)

The bill expands the scope of teachers to which the "Teach CS" Grant Program applies. Under the bill, the purpose of the program is to support increasing the number of teachers who qualify to teach computer science or expanding the knowledge of existing teachers. Originally, the purpose is to fund coursework, materials, and exams to support the increasing number of existing teachers who qualify to teach computer science.

It also clarifies that grant funds may be used for coursework, materials, exams, teacher stipends, performance-based incentives, and other purposes as determined by the Chancellor to support the expansion of computer science education.

OHIO HISTORY CONNECTION

Burial sites

- Requires burial sites used by the Ohio History Connection (OHC) for the repatriation of American Indian remains to have an easement, enforceable by OHC, to preserve the burial sites.
- Exempts records related to such burial sites from disclosure under the Ohio Public Records Act, and excludes them from the 75-year disclosure requirement.
- Explicitly includes such burial sites in the criminal offenses of desecration and vandalism.

Burial sites

(R.C. 149.3010, 149.43, 2909.05, and 2927.11)

Continuing law allows the Ohio History Connection (OHC) to use land under its control as burial sites for repatriating American Indian human remains; the land must be owned or leased (as lessee or lessor) by OHC, or owned by the state and under OHC's custody and control. The bill requires OHC − for any burial site established on or after the bill takes effect − to include a perpetual easement to preserve the land as a burial site. For each burial site established before the bill's effective date, OHC must include a perpetual easement if legally feasible. The easement is enforceable by OHC or by any person assigned by OHC.

The bill also exempts records related to such burial sites from disclosure under the Ohio Public Records Act, which generally requires public offices to make public records available for inspection upon request. The records also are excluded from the 75-year disclosure requirement that makes an exempt record public after 75 years if that record is permanently retained.

Finally, the bill explicitly includes such burial sites in the criminal offenses of desecration (to purposely deface, damage, pollute, or otherwise physically mistreat; a felony) and vandalism (to knowingly cause serious physical harm; a misdemeanor).

DEPARTMENT OF INSURANCE

Licensing

- Eliminates the requirement that applications for a managing general agent (MGA) license or a public insurance adjuster certificate of authority be verified under oath.

Health care provider payment requirements

- Requires a health plan issuer to offer all reasonably available methods of payment to a health care provider, including payment by check and electronic funds transfer.
- Prohibits a health plan issuer requiring payment by credit card.
- Requires health plan issuers to implement requests to change a payment method within 30 business days.
- Prohibits health plan issuers from charging a fee for implementing a change to a health care provider's payment method.

Licensing

(R.C. 3905.72 and 3951.03)

The bill eliminates the requirement that applications for a managing general agent (MGA) license or a public insurance adjuster certificate of authority be verified under oath of a notary public. An MGA is a specialized type of insurance agent that is vested with underwriting authority from an insurer. A public insurance adjuster is an insurance claimed adjuster employed by the policyholder for appraising and negotiating an insurance claim.

Health care provider payment requirements

(R.C. 3901.3815)

The bill requires health plan issuers to offer all reasonably available methods of payment to a health care provider, including payment by check and electronic funds transfer. Under continuing law, a "health care provider" is a hospital, ambulatory care facility, long-term care facility, pharmacy, emergency facility, or health care practitioner. The bill defines "health plan issuer" to include any entity subject to Ohio insurance laws or the jurisdiction of the Superintendent of Insurance that contracts, or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services under a health benefit plan. The term includes a sickness and accident insurance company, a health insuring corporation, a fraternal benefit society, a self-funded multiple employer welfare arrangement, a nonfederal, government health plan, or a third-party administrator (such as a Pharmacy Benefit Manager) and any vendor contracted by the foregoing. The term excludes plans regulated by the federal

"Employee Retirement Income Security Act of 1974" (ERISA), which preempts most state insurance regulations.[69]

The bill prohibits health plan issuers from requiring health care providers to accept payment via credit card, with "credit card" being defined as a single-use or virtual payment card provided in an electronic, digital, facsimile, physical, or paper format. If one of the available payment methods has an associated fee, health plan issuers are required, prior to initiating the first payment or upon changing the payment methods available, to do both of the following:

- Notify the health care provider that there may be fees associated with a particular payment method and disclose the amount of such fees;
- Provide the health care provider with clear instructions as to how to select each payment method either on the health plan issuer's website or through a means other than the contract offered to the health care provider.

If a health care provider requests a change in payment method, the health plan issuer must implement the change within 30 business days. The payment method selected by the health care provider remains in effect until the health care provider requests a different method. The bill prohibits a health plan issuer from charging a fee to change a payment method.

[69] 29 U.S.C. 1144.

DEPARTMENT OF JOB AND FAMILY SERVICES

Public Assistance

Ohio Benefits Program transfer

- Authorizes the Director of Administrative Services to transfer the Director's responsibility for administering the Ohio Benefits Program to the Director of Job and Family Services (JFS).
- Authorizes the OBM Director to make budget and accounting changes to implement the program's transfer and makes an appropriation based on those changes.

Vocational rehabilitation assessment and support services

- Permits the JFS Director to refer certain recipients of Supplemental Nutrition Assistance Program (SNAP) and Ohio Works First (OWF) benefits for vocational rehabilitation assessment and support services.
- Exempts certain benefits recipients from the above requirements if they are determined to be unable to work by the Opportunities for Ohioans with Disabilities agency, or otherwise meet minimum SNAP and OWF work requirements.
- Terminates SNAP or OWF benefits for recipients required to participate in vocational rehabilitation assessment and support services who fail to do so and do not satisfy minimum work requirements for SNAP and OWF.

Adult Protective Services funding formula

- Requires JFS to allocate funds for counties' Adult Protective Services costs according to a specified funding formula based on previous allocations, the percentage of older adults in the county, and the percentage of county residents in poverty.
- Allows the JFS Director to adopt rules on the allocation of funds and expenditure reports.

Youth and Family Ombudsmen Office

- Changes "Youth and Family Ombudsman Office" to "Youth and Family *Ombudsmen* Office."
- Requires the Ombudsmen Office to establish procedures for investigating complaints and to submit its annual report to the DCY Director.
- Allows the Ombudsmen Office to access DCY records.

Ohio Lead Advisory Council

- Removes the representative of JFS's Bureau of Child Care from the Ohio Lead Advisory Council.

Unemployment

Technology and customer service fee

- Requires the JFS Director to collect a technology and customer service fee of no more than 0.15% of wages paid per covered employee from each contributory employer at the same time and in the same manner as the Director collects employer contributions under continuing law.
- Requires the JFS Director to collect a technology and customer service fee of no more than $13.50 whenever a nonprofit organization, or group of such organizations, that is a reimbursing employer files or renews a surety bond required under continuing law.
- Requires technology and customer service fees to be deposited into the Unemployment Compensation Special Administrative Fund.

Employer response to request for information

- Reduces the time in which an employer must provide information requested by the JFS Director for the determination of an individual's right to unemployment benefits from ten working days after the request is sent to ten calendar days after the request is sent.

Temporary employees

- Disqualifies certain temporary employees who fail to inquire about available work assignments from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment (instead of just for any week as under current law).

Deadline for submitting unemployment compensation reports

- Establishes August 1 as the deadline by which the JFS Director annually must submit to the Governor and General Assembly specified reports regarding unemployment compensation that are required under continuing law.

Interest on late unemployment employer payments

- Beginning January 1, 2026, changes the annual interest rate for late unemployment employer payments from 14% to the rounded federal short-term rate, not to exceed 15%.

Covered public employers

- Expands the definition of "employer" for purposes of the Unemployment Compensation Law to include any state, its instrumentalities, and its political subdivisions and their instrumentalities (rather than Ohio, its instrumentalities, and its political subdivisions and their instrumentalities as under current law).

Seasonal employment determinations

- Requires the JFS Director to determine whether employment is seasonal based on the application for a determination filed by the employer and any other information available.

Income and Eligibility Verification System

- Requires the JFS Director to disclose wage and claim information, on request, to any state or local agency administering a program included in the Income and Eligibility Verification System (IEVS) that has entered a written data sharing agreement with the JFS Director that meets standards in federal law.
- Eliminates a requirement that the JFS Director adopt rules implementing the IEVS.

Unemployment Compensation Review Commission

- Allows the Department of Public Safety's digitalized photographic records to be released to the Unemployment Compensation Review Commission (UCRC).
- Allows a UCRC hearing officer to conduct a hearing by interactive video conference.

Worker Adjustment and Retraining Notification (WARN) Act

- Expressly states that Ohio employers subject to the federal Worker Adjustment and Retraining Notification (WARN) Act (those with 100 or more employees) must comply with that act, which requires certain employers to provide written notice 60 days before commencing a plant closing or mass layoff as those terms are defined in the WARN Act.
- Allows the JFS Director to issue guidance and procedures to Ohio employers for the submission and review of notices provided under the WARN Act.

Public assistance

Ohio Benefits Program transfer

(Section 525.10)

The bill authorizes the Director of Administrative Services to transfer the Director's responsibility for administering the Ohio Benefits Program to the Director of Job and Family Services (JFS) by July 1, 2027. The Ohio Benefits Program is the integrated enterprise solution administered by the Department of Administrative Services (DAS) that assists individuals in verifying eligibility for, and applying for, benefits offered through various programs administered by JFS and the Department of Medicaid, including the Medicaid program, Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families. By July 1, 2026, the DAS Director and JFS Director must develop a detailed organizational plan and enter into a memorandum of understanding regarding the program's transfer.

Effect of program transfer

If the DAS Director transfers the Ohio Benefits Program, all of the following apply:

- All contracts, records, documents, files, equipment, assets, materials, and staff resources that relate to the program must be transferred to the JFS Director.

- Any business commenced, but not completed, by July 1, 2027, by the DAS Director with respect to the program must be completed by the JFS Director in the same manner, and with the same effect, as if completed by the DAS Director.
- No validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired by reason of the program's transfer.

Additionally, if the DAS Director transfers the program, no action or proceeding pending on the transfer date is affected by the transfer. Any action or proceeding must be prosecuted or defended in the name of JFS or the JFS Director. In all actions or proceedings, JFS or the JFS Director, on application to the court, must be substituted as a party.

If the transfer occurs, all rules, orders, and determinations issued with respect to the program continue in effect as if issued by the JFS Director until modified or rescinded by the JFS Director. The LSC Director may renumber any rules related to the program to reflect its transfer.[70]

OBM Director

Regardless of any contrary law, if the DAS Director transfers the Ohio Benefits Program, the OBM Director must make budget and accounting changes to implement the transfer. The OBM Director may rename funds, create new funds, transfer funds, consolidate funds, or make other administrative changes. If necessary, the OBM Director may cancel or establish encumbrances or parts of encumbrances in the appropriate funds and appropriation items for the same purposes and for payments to the same vendors. The bill makes an appropriation with respect to any encumbrances the OBM Director establishes.

If necessary for the continued efficient administration of the program, the OBM Director may transfer appropriations between JFS and DAS to continue levels of program services and efficiently deliver funding to the program as appropriated. The bill makes an appropriation based on the OBM Director's changes.

Transfer of employees

Subject to continuing law layoff provisions, if the DAS Director transfers the Ohio Benefits Program, all of the DAS Director's employees, as identified by the DAS Director, whose primary responsibilities include administering the program are transferred to JFS. Except as described below, transferred employees retain their positions and benefits. Any changes to an employee's position or benefits that occur after the employee is transferred are subject to the Department of Administrative Services – Personnel Law. Actions taken in connection with transferring these employees are not appealable to the State Personnel Board of Review.

If the DAS Director transfers the program, the JFS Director may do all of the following:

- Establish, change, or abolish positions within JFS;
- Assign, reassign, classify, reclassify, transfer, reduce, promote, or demote JFS employees who are not subject to the Public Employees' Collective Bargaining Law;

[70] By reference to R.C. 103.05, not in the bill.

- With respect to an employee exempt from collective bargaining or employed by a statewide elected official and who has not been placed in a bargaining unit, assign or reassign that employee to a bargaining unit for collective bargaining purposes if the JFS Director determines that is the appropriate bargaining unit.

If the JFS Director assigns, reassigns, classifies, reclassifies, transfers, reduces, or demotes an employee paid in accordance with schedule E-1 to a position in a lower classification, both of the following apply:

- The JFS Director, or if the employee is transferred outside of JFS, the DAS Director, must place the employee in pay step X and assign the employee to the appropriate classification.
- The employee cannot receive an increase in compensation until the maximum pay rate for that classification exceeds the employee's compensation.

If the DAS Director transfers the program, the JFS Director, with the OBM Director's approval, may establish a retirement incentive plan for employees transferred to JFS. If the Director establishes a plan, it must remain in effect until December 31, 2027, regardless of any contrary timeline in the law governing retirement incentive plans for public employees.

The transfer of the program and employees, and the reassignment of administering the program, are not appropriate subjects for collective bargaining, regardless of any contrary law specifying matters subject to collective bargaining.[71]

Staff training and development

If the DAS Director transfers the Ohio Benefits Program, the DAS Director and JFS Director, jointly or separately, may enter into a contract with a public or private entity for staff training and development to facilitate the program's transfer. A contract entered into is not subject to the competitive bidding requirements prescribed under continuing law.[72]

Vocational rehabilitation assessment and support services

- Permits the JFS Director to refer certain recipients of Supplemental Nutrition Assistance Program (SNAP) and Ohio Works First (OWF) benefits for vocational rehabilitation assessment and support services.
- Exempts certain benefits recipients from the above requirements if they are determined to be unable to work by the Opportunities for Ohioans with Disabilities agency, or otherwise meet minimum SNAP and OWF work requirements.

[71] By reference to R.C. 124.152 and R.C. 124.321 to 124.328, 145.297, 4117.08, and 4117.10, not in the bill.

[72] By reference to R.C. 127.16.

- Terminates SNAP or OWF benefits for recipients required to participate in vocational rehabilitation assessment and support services who fail to do so and do not satisfy minimum work requirements for SNAP and OWF.

Adult Protective Services funding formula

(R.C. 5101.612)

The bill generally codifies the Adult Protective Services funding formula that exists under current JFS rules[73] for the allocation of funds for Adult Protective Services to counties, except the bill's funding formula is amended to be based on the number of county residents aged 60 or older rather than the number of residents under age 18 as in current rules.

Under the bill, within available funds, JFS is required to distribute funds to the counties no later than 30 days after the beginning of each calendar quarter for a part of the counties' costs for Adult Protective Services. Funds provided to a county must be deposited into the Public Assistance Fund.

In each fiscal year, the amount of funds available for distribution must be allocated to counties as follows:

1. If the amount is less than the amount initially appropriated for the immediately preceding fiscal year, each county generally must receive an amount equal to the percentage of the funding it received that year;

2. If the amount is equal to the amount initially appropriated for the immediately preceding fiscal year, each county generally must receive that amount;

3. If the amount is greater than the amount initially appropriated for the immediately preceding fiscal year, each county must receive the amount it received that year as a base allocation, plus a percentage of the amount that exceeds that amount, which must be allocated to the counties as follows:

a. 12% divided equally among all counties;

b. 48% in the ratio that the number of county residents aged 60 or older bears to the total number of Ohio residents 60 or older (under current JFS rules, 48% is distributed based on the number of county residents under the age of 18 as compared to statewide residents under 18);

c. 40% in the ratio that the number of county residents with incomes under the federal poverty line bears to the number of Ohio residents in poverty.

No later than 90 days after the end of each state fiscal biennium, each county is required to return any unspent funds to JFS. The JFS Director may adopt rules to allocate funds and prescribe reports on expenditures to be submitted by the counties as necessary for the implementation of this section of the bill.

[73] O.A.C. 5101:9-6-14.

Continuing law defines "federal poverty line" as the official poverty line defined by the U.S. Office of Management and Budget based on the most recent data available from the U.S. Bureau of the Census and revised by the U.S. Secretary of Health and Human Services. Currently, 100% of the federal poverty line for a family of two is $20,440.

Youth and Family Ombudsmen Office

(R.C. 5101.891, 5101.892, and 5101.899, with conforming changes in R.C. 5101.893, 5101.894, 5101.895, and 5101.897)

The bill changes the name of the "Youth and Family Ombudsman Office" to "Youth and Family Ombudsmen Office."

Under the bill, the Ombudsmen Office must establish procedures for investigating complaints related to government services regarding child protective services, foster care, and adoption. Continuing law requires it to establish procedures for receiving and resolving complaints, consistent with state and federal law. The bill also requires the Ombudsmen Office's annual report to be submitted to the Director of Children and Youth, in addition to the Governor, Speaker of the House, Senate President, minority leadership in the House and Senate, the JFS Director, and representatives of the Overcoming Hurdles in Ohio Youth Advisory Board as under continuing law.

Additionally, the bill allows the Ombudsmen Office to access Department of Children and Youth (DCY) records, in addition to JFS records as in continuing law, that are necessary for the administration of the Ombudsmen Office and the performance of its official duties. The Ombudsmen Office has the right to request from the DCY Director, and from the JFS Director under continuing law, necessary information from any work unit of the department having information.

Ohio Lead Advisory Council

(R.C. 3742.32)

The bill removes the representative of the JFS's Bureau of Child Care from the Ohio Lead Advisory Council. The Department of Children and Youth (DCY) assumed responsibility for child care on January 1, 2025, and the Council already includes a DCY representative.

Unemployment

Technology and customer service fee

(R.C. 4141.11 and 4141.44)

The bill requires the JFS Director to collect a technology and customer service fee from the following types of employers:

- Employers that pay contributions to the unemployment system ("contributory employers"); and
- Nonprofit organizations and nonprofit organization groups, that are reimbursing employers (they reimburse the system for benefits paid out on their behalf).

The state, its political subdivisions, and other public entities that are reimbursing employers do not pay the fee.

For contributory employers, the technology and customer service fee may be no more than 0.15% of wages paid per covered employee. The JFS Director collects the fee on a quarterly basis in the same manner as the Director collects the employer's contributions.[74] Most employers in Ohio are contributory employers.

For a reimbursing nonprofit organization or nonprofit organization group, the fee may be no more $13.50 per organization or group. The JFS Director must collect the fee whenever the organization or group of organizations files or renews a surety bond required under continuing law. A surety bond filed must be in force for no less than two calendar years. Bond renewals are approved by the JFS Director at times prescribed by the Director.[75]

The bill requires the JFS Director to deposit technology and customer service fees into the Unemployment Compensation Special Administrative Fund. Under continuing law, the fund includes interest, fines, and forfeitures collected under the Unemployment Compensation Law, as well as money from the sale of certain real estate. The JFS Director uses the fund to pay certain administrative costs associated with the unemployment compensation system.

Employer response to request for information

(R.C. 4141.28)

The bill reduces the time in which an employer must provide information requested by the JFS Director for the determination of an individual's right to unemployment benefits from ten working days after the request is sent to ten calendar days after the request is sent.

Under continuing law, the JFS Director may request from an employer any information necessary for the determination of an individual's right to unemployment benefits. If an employer fails to provide the requested information within the period required by law, continuing law requires the JFS Director to work with the Tax Commissioner to confirm certain information relevant to determining the individual's right to unemployment benefits.

Continuing law penalties for failure to timely respond

Failure to comply with a requirement of the Unemployment Compensation Law is punishable by a fine of not more than $500 for a first offense and a fine of $25 to $1,000 for each subsequent offense.[76]

Additionally, continuing law allows for unemployment benefits that have been paid to a claimant and are subsequently found not to be due to the claimant to be charged to the mutualized account in the Unemployment Compensation Fund, rather than to the account of a contributing employer under certain circumstances. However, an employer's account cannot be

[74] R.C. 4141.20(B), not in the bill.

[75] R.C. 4141.241(C), not in the bill.

[76] R.C. 4141.40 and 4141.99, not in the bill.

credited and the mutualized account cannot be charged for benefits that have been paid to a claimant and are subsequently found not to be due to the claimant, if it is determined by the JFS Director that both of the following have occurred:

- The benefits were paid because the claimant's employer, or any employee, officer, or agent of that employer, failed to respond timely or adequately to a request for information regarding a determination of benefit rights or claims for benefits under continuing law;
- The claimant's employer, or any employee, officer, or agent of that employer, on behalf of the employer, previously established a pattern of failing to respond timely or adequately within the same calendar year period.

Temporary employees

(R.C. 4141.29; Section 801.10)

The bill specifies that, for an initial unemployment benefits claim filed on or after the provision's effective date, an individual is considered to have quit work without just cause, thus disqualifying the individual from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment, if all the following apply:

- The individual is provided temporary work assignments by the individual's employer under agreed terms and conditions of employment;
- The individual is required pursuant to those terms and conditions to inquire with the individual's employer for available work assignments upon the conclusion of each work assignment;
- Suitable work assignments are available with the employer, but the individual fails to contact the employer to inquire about work assignments.

Current law specifies that such an individual is not considered unable to obtain suitable employment. Under continuing law, an individual is prohibited from serving a waiting period or receiving unemployment benefits for any week that the individual is not unable to find suitable employment. Thus, the bill disqualifies an individual described above from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment, instead of just for any week as under current law.

Deadline for submitting unemployment compensation reports

(R.C. 4141.56 and 4141.60)

Continuing law requires the JFS Director to prepare an annual report on each of the following two categories of topics involving unemployment compensation:

- Utilization of the SharedWork Ohio Program;
- Calls received at Director-operated call centers, the total number of benefit claims, the number of potentially fraudulent claims, the number of complaints submitted through

the Director's uniform complaint process, and a summary of technology updates or changes.

Under continuing law, the Director must submit the reports to the Governor, the Senate President, and the Speaker of the House. In addition, the JFS Director must submit the SharedWork Ohio report to the minority leaders of the House and Senate.

The bill establishes August 1 as the annual deadline for those submittals. Under current law, it appears that the annual deadlines for submitting the reports are inconsistent.

The bill also eliminates the Unemployment Modernization and Improvement Council as a required recipient of the second report described above because the Council no longer exists.

Interest on late unemployment employer payments

(R.C. 4141.23)

The bill changes the annual interest rate for late unemployment employer contributions, payments in lieu of contributions (reimbursements), interest, forfeitures, or fines not paid by an employer when due. Beginning January 1, 2026, a late payment bears interest at the rounded federal short-term rate, not to exceed 15% (if in effect for 2025, the interest rate for late payments would be 8%).[77] Currently, a late unemployment employer payment bears interest at the annual rate of 14% compounded monthly on the aggregate receivable balance due.

The bill also removes an obsolete provision that established the annual interest rate for late unemployment employer contributions or reimbursements due before January 1, 1993.

Covered public employers

(R.C. 4141.01, 4141.011, and 4141.02)

The bill expands the definition of "employer" for purposes of the Unemployment Compensation Law to include *any* state, its instrumentalities, and its political subdivisions and their instrumentalities. The current law definition of "employer," with respect to public employers, includes Ohio, its instrumentalities, and its political subdivisions and their instrumentalities. Under continuing law, an individual or entity who meets the definition of "employer" also must meet requirements related to the employment provided by the employer to be subject to the Unemployment Compensation Law.

The continuing law definition of "employer" also includes Indian tribes, and any individual or type of organization including any partnership, limited liability company, association, trust, estate, joint-stock company, insurance company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the successor thereof, or the legal representative of a deceased person.

[77] Annual Certified Interest Rates, which is available by conducting a keyword "Interest rates" search on the Ohio Department of Taxation website: tax.ohio.gov.

The bill reorganizes the definition of "employer" for purposes of the Unemployment Compensation Law and eliminates outdated provisions.

Seasonal employment determinations

(R.C. 4141.33)

The bill requires the JFS Director to determine whether employment is seasonal using an application filed by an employer and any other information available to the Director. Currently, after an employer files the application for a determination, the JFS Director must perform an investigation, provide notice, and hold a hearing before determining whether employment is seasonal in nature.

Under continuing law, employment is seasonal in an industry if, because of climatic conditions or because of the seasonal nature of the industry, it is customary to operate only during regularly recurring periods of 40 weeks or less in any consecutive 52 weeks. Any employer who claims to have seasonal employment in a seasonal industry may file a written application requesting the JFS Director to classify the employment as seasonal for purposes of the Unemployment Compensation Law.

When the JFS Director determines that a type of employment is seasonal, unemployment benefits for loss of work from the employment are payable only during the longest seasonal periods that the best practice of the industry reasonably permit. The JFS Director establishes seasonal periods for seasonal employment. No industry or employment can be considered seasonal until the JFS Director determines that it is seasonal.

When the JFS Director determines employment is seasonal and establishes seasonal periods, the Director also establishes the proportionate number of weeks of employment and earnings required to qualify for seasonal benefit rights. Ordinarily, an individual must have worked for at least 20 weeks within the first four of the last five completed calendar quarters (referred to as "the base period") and earned an average weekly wage of not less than 27.5% of the statewide average weekly wage within that period. If an individual has not worked enough qualifying weeks within the base period, the individual can still qualify if the individual has worked at least 20 weeks during the four most recently completed calendar quarters (referred to as the "alternate base period").[78] The number of weeks of employment and earnings established by the JFS Director in a seasonal determination replace the weeks of employment and earnings required to receive ordinary benefits.

Income and Eligibility Verification System

(R.C. 4141.162)

The bill requires the JFS Director to disclose wage and claim information, on request, to any state or local agency administering a program included in the Income and Eligibility Verification System (IEVS) that has entered into a written data sharing agreement with the JFS Director that meets standards in federal law. The IEVS is required by federal law and is used to

[78] R.C. 4141.01(R).

determine eligibility and benefit amounts for unemployment compensation and other benefit programs.[79]

The bill also eliminates a requirement that the JFS Director adopt rules implementing the IEVS.

Unemployment Compensation Review Commission

(R.C. 4507.53)

The bill allows the Department of Public Safety's digitalized photographic records to be released to the Unemployment Compensation Review Commission (UCRC) (the agency that hears unemployment claim appeals) for the purpose of carrying out its functions under the Unemployment Compensation Law. Under continuing law, records may be released to JFS for the purpose of carrying out its functions under the Law.

UCRC hearings

(R.C. 4141.281)

The bill allows a UCRC hearing officer to conduct a hearing by interactive video conference. Under continuing law, a hearing officer may conduct a hearing in person or by telephone.

Continuing law allows members of certain public bodies to hold and attend virtual meetings or conduct and attend virtual hearings by means of video conference or any other similar electronic technology, if a public body adopts a policy to do so. It appears that the UCRC is a public body that is permitted to adopt such a policy. Continuing law also specifies that, if a provision of the Revised Code permits a particular public body to meet or hold hearings by means of teleconference, video conference, or any other similar electronic technology, that provision prevails over the general provisions in the law with respect to that particular public body.[80]

Worker Adjustment and Retraining Notification (WARN) Act

(R.C. 4113.31)

The bill expressly states that Ohio employers subject to the federal Worker Adjustment and Retraining Notification (WARN) Act (those with 100 or more employees) must comply with that act. Unless an exception applies, the WARN Act requires a covered employer to provide specified individuals with written notice 60 days before a mass layoff or plant closing. If the employer fails to provide the required notice, the employer may be liable for damages, civil penalties, and attorney's fees.[81]

[79] 42 U.S.C. 1320b–7 and 20 C.F.R. 603.10.

[80] R.C. 121.22(B)(1); R.C. 121.221, not in the bill.

[81] 29 U.S.C. 2102 and 2104.

As stated in the bill, the WARN Act's notice requirement applies to any private sector employer and any public or quasi-public employer that engages in business, such as taking part in a commercial enterprise, if the employer:

- Employs 100 or more employees, excluding part-time employees (an employee who works less than 20 hours per week or who has worked for fewer than six months in the 12 months preceding the date of the notice); or
- Employs 100 or more employees who work at least a combined 4,000 hours a week.[82]

Under the WARN Act, a plant closing occurs when an employment site (or one or more facilities or operating units within an employment site) is to be shut down, and the shutdown will result in an employment loss for 50 or more full-time employees during any 30-day period. A mass layoff is any reduction in a workforce other than a plant closing that, within any 30-day period, results in either:

- 500 or more full-time employees at a single site losing employment; or
- Between 50 and 499 full-time employees at a single site losing employment, if that number is 33% or more of the number of full-time employees at that single site.[83]

A WARN Act notice must be provided to each affected employee's authorized representative or, if there is no such representative at the time the notice is sent, to each affected employee. A notice also must be sent to the state entity responsible for rapid response activities under the Workforce Innovation and Opportunity Act (in Ohio, the JFS Director), as well as the chief elected official of the unit of local government within which a closing or layoff is to occur. The bill lists the information that must be included in the notice, which varies based on the notice recipient. These are the same requirements as under the WARN Act.

As under the WARN Act, the bill states that an employer is not required to provide a WARN Act notice when a plant closure or mass layoff constitutes a strike or a lockout as those terms are described in federal statutes and regulations.

For additional details about the WARN Act, including the content of the notice, remedies for violations, and instances where the 60-day period can be reduced or waived, see the LSC Plant Closure and Layoff Notices (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/Publications.

The bill specifies that it does not establish different requirements or remedies than those established by federal statutes and regulations. Because the bill applies to the same employers as the WARN Act and does not create new requirements or remedies, it is not clear what effect it will have.

[82] 29 U.S.C. 2101.

[83] 29 U.S.C. 2101(a)(2) and (3) and 20 C.F.R. 639.6(b).

Additionally, if the WARN Act is amended after the bill takes effect, the differences between the bill and the amended WARN Act may trigger legal questions, including preemption under the Supremacy Clause of the U.S. Constitution.[84]

[84] U.S. Constitution, Article VI, Clause 2.

JUDICIARY/SUPREME COURT

Sealing and expungement

- Removes a reference to records of conviction that cannot be sealed or expunged that previously applied to sealing and expunging official records in which a person is found not guilty, proceedings are dismissed, a grand jury no bill is entered, or a pardon is granted.

Sealing juvenile records

- Requires the juvenile court to seal juvenile records if the court, after weighing the interests of the person in having the records sealed against the legitimate needs, if any, of the public to access those records, finds that the interests of a person in having those records are not outweighed by any legitimate needs of the public to access those records.

Sealing and expungement

(R.C. 2953.32)

Under current law, specified records of conviction cannot be sealed or expunged. This provision applies to the following: (1) the sealing and expungement of records of conviction, (2) the sealing and expungement of official records for a not guilty, dismissal, no bill, or pardon, and (3) general sealing and expungement provisions relating to both (1) and (2).

The bill removes the application of the above provision to (2). The sealing and expungement provisions in (2) apply to official records in which a person is found not guilty, proceedings are dismissed, a grand jury no bill is entered, or a pardon is granted, rather than to conviction records. As such, the application of the provision seems unnecessary.

Sealing juvenile records

(R.C. 2151.356)

The bill implements a balancing test that applies to the mandatory and permissive sealing of juvenile records.

Mandatory sealing

Under current law, the juvenile court must promptly order the immediate sealing of certain records pertaining to a juvenile under the circumstances described in the bullet points below. The bill instead requires the juvenile court to seal records pertaining to a juvenile in any of those circumstances if the court, after weighing the interests of the person in having the records sealed against the legitimate needs, if any, of the public to access those records, finds that the interests of a person in having the records sealed are not outweighed by any legitimate needs of the public to access those records:

- If the court receives a records from a public office or agency;

- If a person was brought before or referred to the court for allegedly committing a delinquent or unruly act and the case was resolved without the filing of a complaint against the person with respect to the act;
- If the person was charged with underage consumption and the person has successfully completed a diversion program with respect to that charge;
- If a complaint was filed against a person alleging that the person was a delinquent child, an unruly child, or a juvenile traffic offender and the court dismisses the complaint after a trial on the merits of the case or finds the person not to be a delinquent child, an unruly child, or juvenile traffic offender;
- Subject to certain exceptions, if a person has been adjudicated an unruly child, that person is 18 years old, and that the person is not under the jurisdiction of the court in relation to a complaint alleging the person to be a delinquent child.

Permissive sealing

Under the Juvenile Sealing Law unchanged by the bill, the juvenile court must consider the sealing of records pertaining to a juvenile upon the court's own motion or upon the application of a person if the person has been adjudicated a delinquent child for committing an act other than aggravated murder, murder, or rape, an unruly child, or a juvenile traffic offender. At the time of the motion or application, the person must not be under the jurisdiction of another court in relation to the complaint alleging the person to be a delinquent child.

The Juvenile Sealing Law sets forth various requirements for sealing including the following: (1) timing for filing the motion, (2) submitting any relevant documentation, (3) causing an investigation to be made, (4) notifying the prosecutor of the proceedings, (5) notifying the victim or victim's representative of the hearings, and (6) allowing the prosecutor to file a response.

If the prosecutor does not file a response or does not object to the sealing of the juvenile records, the court may order the records of the person sealed without a hearing.

If the prosecutor does file a response and objects to the sealing of the juvenile records, the court must conduct a hearing. The court may order the records sealed if it finds both of the following: (1) under the bill, after weighing the interests of the person in having the records sealed against the legitimate needs, if any, of the public to access those records, finds that the interests of a person in having the records sealed are not outweighed by any legitimate needs of the public to access those records, and (2) under current law, the person has been rehabilitated to a satisfactory degree.

LOTTERY COMMISSION

Cashing out lottery prize annuities

- Allows a lottery prize winner who previously agreed to be paid in installments via an annuity only to cash out the full amount of the annuity in a single transaction, unless the Lottery Commission's (LOT) rules permit additional transfers.
- Prohibits a transferee from then transferring the annuity rights to a third person.
- Modifies the type of independent professional advice a winner must receive, and from whom the winner may receive it, before the transfer can occur.
- Requires signed documentation that the winner received independent professional advice.

Withholding from lottery sports gaming and VLT winnings

- Changes the person responsible for withholding taxes and certain debts from lottery sports gaming and video lottery terminal (VLT) winnings that meet or exceed a threshold amount.
- Specifies that the sports gaming proprietor generally is responsible for withholding all amounts from lottery sports gaming winnings, including in a VLT facility (racino).
- Requires LOT to withhold all amounts from lottery sports gaming winnings won on a terminal that also offers other lottery games.
- Clarifies that the video lottery sales agent who operates a VLT facility must withhold all amounts from VLT prize winnings.
- Applies the changes described above beginning on January 1, 2026.

Cashing out lottery prize annuities

(R.C. 3770.072, 3770.10, 3770.12, 3770.121, and 3770.13)

The bill makes several changes to the process by which a lottery prize winner may cash out the winner's annuity for a one-time payment by selling it to a third party.

Background on lottery prize annuities

Under continuing law, a lottery winner who wins a large sum can choose between two options:

- Receive the full prize amount from the Lottery Commission (LOT) in the form of regular payments over a set period of time or over the winner's lifetime (an annuity);
- Receive a smaller lump sum – about half the full prize amount – from LOT immediately.

When a winner chooses an annuity, LOT puts the full value of the prize in the Deferred Prizes Trust Fund for investment by the Treasurer of State. Then, LOT makes regular payments to

the winner. Any excess interest earned by the Deferred Prizes Trust Fund, above what is needed to cover annuity payments to winners, goes to the Lottery Profits Education Fund.[85]

A winner who initially chooses an annuity might later wish to cash out the remaining value of the annuity in the form of a lump sum received immediately. LOT does not offer this service, but many private companies do. In what the Revised Code calls a "transfer agreement," a winner can sign over the right to receive future LOT annuity payments to another person, the "transferee," in exchange for an agreed upon payment from the transferee. The transferee then has the right to receive ongoing annuity payments from LOT in place of the winner.

The transferee must apply to a court in advance for approval of the transfer based on several factors. If the factors are met, the transfer is presumed to be fair and reasonable and in the winner's best interests. The transferee also must notify LOT of the application, and LOT has the right to intervene in the proceeding.

Annuity transfer changes under the bill

Number of transfers

The bill makes several changes to the transfer process. First, the bill allows a winner only to cash out the full amount of the annuity in a single transaction, unless LOT's rules permit additional transfers. Existing law allows a winner to cash out a single prize annuity through a maximum of three partial transfers, unless LOT allows a greater number of transfers by rule. However, a partial transfer is currently allowed only if the value of each portion of the annuity to be transferred is at least $500,000.

Second, the bill prohibits a transferee from then transferring the annuity rights to a third person in a manner that would require LOT to make annuity payments to that third person. Current law includes several provisions that account for this possibility and lay out procedures for taxing the parties involved, depending on their business structures. But, existing law allows LOT to object to a transfer to a third person if the annuity has been transferred within the last 12 months. If LOT objects, and the court finds that the prize was transferred within the last 12 months, the court must disapprove the transfer.

Independent professional advice

Finally, the bill modifies a current provision of law that requires a winner to receive independent professional advice before the court can approve a transfer. Currently, the law requires that, as a condition of approval, the court must find that the winner has received independent professional advice regarding the legal and other implications of the transfer. The adviser must not be affiliated in any manner with, or compensated in any manner by, the transferee. And, the adviser's compensation must not be affected by whether the transfer occurs.

The bill adds a requirement that the independent professional advice include advice concerning the financial implications of the transfer, in addition to the "legal and other" implications. Further, under the bill, the adviser must be one of the following:

[85] R.C. 3770.06 and Ohio Lottery, *Cash Option Values*, available at ohiolottery.com under "Claim Prizes."

- An attorney;
- A certified public accountant;
- An actuary;
- A financial planner who is accredited by a nationally recognized accreditation agency.

Current law requires the adviser to be "an attorney, a certified public accountant, an actuary, or any other licensed professional adviser," and does not mention a financial planner.

For a court to approve a transfer, the bill requires the transferee to submit a statement, signed under penalty of perjury by the winner and the winner's licensed professional adviser, evidencing that the winner received the required advice. Currently, the court must determine that the winner received that advice, but the law does not require documentation.

Withholding from lottery sports gaming and VLT winnings

(R.C. 718.031, 3121.441, 3123.89, 3123.90, 3770.071, 3770.072, 3770.073, 3770.074, 3770.075, 3770.10, 3770.25, 3775.16, 5747.062, 5747.063, and 5747.064; Section 801.120)

Background on gambling winnings withholding

Under continuing law, when a person's winnings from the Ohio Lottery, sports gaming, or casino gaming meet or exceed a given dollar threshold (in most cases, $600), the agency or business that pays out the winnings first must collect identifying information from the winner and withhold the following amounts:

- State income tax;
- Municipal income tax, in the case of casino winnings, winnings at a physical sports gaming facility, or winnings at a video lottery terminal (VLT) facility located at a horse racetrack, also known as a racino;
- Any past due child or spousal support the winner owes, according to a database maintained by JFS;
- Any debts the winner owes to the state or a political subdivision, according to a database maintained by the Attorney General.

For all four categories, the withholding threshold is the dollar threshold at which the agency or business paying out the winnings also must report the payout to the Internal Revenue Service on Form W-2G.[86] A person whose payout is less than the threshold amount still must pay income taxes on the person's net gambling winnings for the year, but the taxes are due when the person files a tax return instead of being withheld up front.

[86] 26 U.S.C. 6041 and Internal Revenue Service, *Instructions for Forms W-2G and 5754, Revised January 2021* (PDF), available at irs.gov under "Forms & Instructions."

Responsibility for withholding under the bill

With respect to withholding from lottery winnings as described above, the bill makes changes and clarifications to specify whether LOT, a video lottery sales agent, or a sports gaming proprietor is responsible for withholding from winnings, based on the type of game. The bill assigns responsibility for withholding from winnings as follows:

- LOT generally must withhold amounts from lottery winnings, such as from scratch-off tickets, drawings, KENO, and instant games (continuing law);
- Video lottery sales agents must withhold amounts from VLT winnings;
- Sports gaming proprietors generally must withhold amounts from lottery sports gaming winnings;
- But, in the case of lottery sports gaming conducted on a terminal that also offers other lottery games, LOT must withhold amounts from winnings from bets placed through the terminal.

Current law is unclear or contradictory in some places regarding who actually pays out winnings from lottery sports gaming and from VLTs, and thus who is responsible for withholding. Both types of gaming are administered by LOT in conjunction with private businesses – sports gaming proprietors in the case of lottery sports gaming, and video lottery sales agents in the case of VLTs.

In particular, the bill removes existing language that requires that when a VLT facility offers lottery sports gaming, the video lottery sales agent must withhold amounts from lottery sports gaming payouts. The bill also adds references to withholding procedures for video lottery sales agents to clarify that those agents, not LOT, conduct all types of withholding from VLT winnings.

Further, the bill clarifies that a sports gaming proprietor is responsible for withholding all amounts from lottery sports gaming winnings. But, under the bill, if the lottery sports gaming is operated on a terminal that also offers other lottery games (such as instant games), LOT must handle the withholding for all payouts won on the terminal. The bill's withholding changes apply beginning on January 1, 2026.

DEPARTMENT OF MEDICAID

Medicaid eligibility

Federal medical assistance percentage for expansion eligibility group

- Requires the Department of Medicaid (ODM) to immediately terminate medical assistance for members of the Medicaid expansion eligibility group if the federal government sets the federal medical assistance percentage below 90%.

Medicaid coverage of aged, blind, and disabled (ABD) individuals

- Eliminates provisions of law that (1) permit the Medicaid program's eligibility requirements for the ABD population group to be more restrictive than the eligibility requirements for the Supplemental Security Income Program and (2) require those more restrictive eligibility requirements to be consistent with the 209(b) option provided for under federal law.

Nursing facilities

Case-mix score grouper methodology for nursing facilities

- When determining a case-mix score for a nursing facility, requires ODM to use the grouper methodology used on October 1, 2019 (instead of June 30, 1999), for the patient driven payment model nursing index for prospective payments of skilled nursing facilities under the Medicare program.
- Modifies the authority of ODM to adopt rules concerning case-mix scores.

Nursing facility quality incentive payment

- Eliminates a provision of law specifying that if a nursing facility undergoes a change of owner with an effective date of July 1, 2023, or later, the facility does not receive a Medicaid quality incentive payment for a specified period of time.
- Specifies that if a nursing facility undergoes a change of operator with an effective date of July 1, 2025 (changed from July 1, 2023), or later, the facility is unable to receive a Medicaid quality incentive payment for a specified period of time.

Waiver of ineligibility period for nursing facility services

- Permits, rather than requires, ODM under certain circumstances to grant a waiver to a resident of a nursing facility who is ineligible to receive nursing facility services due to the individual or individual's spouse disposing of assets for less than fair market value.

Medicaid provider payment rates

Payment rates for community behavioral health services

- Permits ODM to establish Medicaid payment rates for community behavioral health services provided during FY 2026 and FY 2027 that exceed the Medicare rates for those services.

Home and community-based services (HCBS) direct care worker wages

- Requires ODM, jointly with the Department of Aging and the Department of Developmental Disabilities to collect data from providers regarding the wages paid to direct care workers providing direct care services under Medicaid HCBS waiver components, and submit a report to the Governor.

Direct care rate determinations

- Requires a nursing facility's direct care rate for FY 2026 and FY 2027, to equal a percentage of the difference between the rate in effect on January 1, 2025, and the rate determined utilizing the case-mix score calculated in accordance with the bill's requirements.

Special programs

Medicaid buy-in for workers with disabilities program premiums

- Eliminates the requirement that individuals whose income exceeds 150% FPL must pay an annual premium as a condition of qualifying for the Medicaid buy-in for workers with disabilities program.

Hospital Additional Payments Program

- Establishes the Hospital Additional Payments Program for inpatient and outpatient hospital services provided to enrollees in the Medicaid care management system at in-state hospitals.

Rural Southern Ohio Hospital Tax Pilot Program and assessment

- Permits the Medicaid Director to establish the Rural Southern Ohio Hospital Tax Pilot Program for directed payments to rural southern Ohio hospitals.
- Establishes requirements that a hospital must satisfy to participate in the pilot program.
- Permits counties in which the pilot program operates to establish a local hospital assessment to provide the nonfederal share of Medicaid payments made under the pilot program.

Medicaid state directed payment programs

- Establishes conditions that must be satisfied upon the creation of a Medicaid state directed payment program that is funded in a manner other than by ODM of the hospital franchise fee program.

- Requires such a state directed payment program to comply with applicable federal regulations.
- Generally limits state directed payment programs described above to those established for hospital providers and services or professional services provided by hospitals, and to one state directed payment program per identified provider class.
- Specifies that the ODM Director is not required to establish a state directed payment program described above if there is no available or sufficient federal or local funding to sustain the program.

340B grantees

- For purposes of the interaction between Medicaid managed care organizations (MCOs), third-party administrators, and 340B covered entities under the federal 340B Drug Pricing Program, removes certain hospitals from the list of entities included as 340B covered entities and instead refers to these entities as 340B grantees.
- Prohibits a contract between a Medicaid MCO, third-party administrator, and 340B grantee from including a payment rate for a prescribed drug provided by a 340B grantee that is less than the payment rate for health care providers that are not 340B grantees.
- Requires a Medicaid MCO or third-party administrator to provide a payment rate for all prescribed drugs obtained through the federal 340B Pricing Program by providers that are not 340B grantees that is equal to the payment rate for those drugs under the Medicaid state plan.
- Specifies that payments made under payment rates specified in a contract between Medicaid MCOs, third-party administrators, and 340B grantees are subject to audit by ODM.

General

Exemption from adjudication

- Exempts ODM from the requirement to conduct an adjudication in accordance with the Administrative Procedure Act, and subjects providers to existing reconsideration procedures instead, under the following circumstances:
  - When a Medicaid provider agreement requires the provider to hold a license, permit, or certificate and it is inactive by any means or has been surrendered, withdrawn, retired, or otherwise restricted.
  - When a provider's application for a provider agreement is denied or the provider agreement is terminated or not revalidated because a license, permit, or certificate is inactive by any means.

Right of recovery for cost of medical assistance

- Permits an individual who was a recipient of medical assistance and repaid money between April 6, 2007, and September 28, 2007, to ODM or a county department of job

and family services pursuant to a right of recovery, to request a hearing regarding those payments.

- Authorizes any of the following to request a hearing: (1) a medical assistance recipient, (2) the authorized representative, (3) the executor or administrator of the estate, (4) a court-appointed guardian, or (5) an attorney directly retained by a recipient, or the recipient's parent, or legal or court-appointed guardian.

MyCare Ohio expansion

- Requires the Director to continue to expand the Integrated Care Delivery System (ICDS, also known as "MyCare Ohio"), or its successor program, to all Ohio counties.
- Requires the Director to select the entities for the expanded program.
- Requires ODM to establish requirements for care management and coordination of waiver services, subject to enumerated requirements.

MyCare successor program

- Authorizes ODM to include a Fully Integrated Dual Eligible Special Needs Plan established in accordance with federal law as a replacement for the ICDS in the Medicaid care management system.

Hospital Care Assurance Program; franchise permit fee

- Eliminates the sunset of the Hospital Care Assurance Program and franchise permit fee that were set to terminate the program and assessment on October 1, 2025.

Appeal of hospital assessment or audit

- Specifies that a final reconciliation of an annual hospital assessment constitutes an interim final order.
- Permits a hospital that requests reconsideration of a preliminary determination of an assessment imposed on the hospital to submit its written materials to ODM by (1) regular mail, (2) electronic mail, or (3) in-person delivery.
- Eliminates a requirement that ODM hold a public hearing if one or more hospitals requests a reconsideration of a preliminary determination of an assessment to be imposed upon the hospital.
- When a hospital appeals a final determination of the hospital's annual assessment, clarifies that the complete record of the proceedings includes all documentation considered by ODM in issuing the final determination.
- Requires a hospital to seek a declaratory judgment, rather than appeal the results of an audit conducted by ODM, when the audit determines the hospital paid amounts to ODM that the hospital should not have been required to pay or paid amounts it should have been required to pay.

- When seeking a declaratory judgment, requires a hospital to deposit any funds that are not in dispute into the Hospital Care Assurance Program fund while judicial proceedings are pending.

Medicaid eligibility

Overview

Medicaid is a health insurance program for low-income individuals. State governments administer state-specific Medicaid programs subject to federal oversight by the Centers for Medicare and Medicaid Services (CMS) in the U.S. Department of Health and Human Services (HHS). Funding for the program comes primarily from federal and state government sources. The Ohio Department of Medicaid (ODM) administers Ohio's Medicaid program.

Federal medical assistance percentage for expansion eligibility group

(R.C. 126.70)

For most Medicaid service costs, federal financial participation (FFP) is determined for each state by the state's federal medical assistance percentage (FMAP). A state's FMAP is the percentage of dollars spent on Medicaid costs that are reimbursed by the federal government. FMAP is generally established for each state using a formula and varies between the states. However, in some instances, federal law specifies a designated FMAP for certain services or services provided to certain Medicaid eligibility groups. One such group is the Medicaid expansion eligibility group (often referred to as Group VIII). Group VIII includes nondisabled adults under the age of 65 with no dependents and incomes at or below 138% FPL. Under current federal law, the FMAP for services provided to Medicaid enrollees in Group VIII is 90%.[87] The bill specifies that if the FMAP for medical assistance provided to Group VIII enrollees is set below 90%, ODM must immediately terminate medical assistance for members of the group.

Medicaid coverage of aged, blind, and disabled individuals

(R.C. 5163.05, repealed; conforming changes in R.C. 5163.03)

The bill eliminates ODM's authority to impose more restrictive Medicaid eligibility requirements for the aged, blind, and disabled (ABD) eligibility group than the eligibility requirements for individuals receiving benefits under the Supplemental Security Income (SSI) Program. The bill also eliminates a related provision that requires that any more restrictive eligibility requirements established for the ABD eligibility group must be consistent with the 209(b) option provided for under federal law. ODM has not exercised the option described above since 2016 and has instead based eligibility for individuals in the ABD eligibility group on SSI eligibility requirements.

[87] 42 U.S.C. 1396d(y).

Nursing facilities

Case-mix score grouper methodology for nursing facilities

(R.C. 5165.192; Section 333.280)

The bill requires ODM, when determining case-mix scores for a nursing facility, to use the grouper methodology used for the patient driven payment model index by HHS on October 1, 2019, for prospective payment of skilled nursing facilities under the Medicare program, rather than the grouper methodology used on June 30, 1999, as required under current law.

Additionally, the bill eliminates ODM's authority to adopt rules concerning any of the following:

- Adjusting case-mix values to reflect changes in relative wage differentials that are specific to Ohio;
- Expressing case-mix values in numeric terms that are different from the terms specified by HHS but that do not alter the relationship of case-mix values to one another;
- Modifying the grouper methodology by (1) establishing a different hierarchy for assigning residents to case-mix categories under the methodology, and (2) allowing the use of the index maximizer element of the methodology.

Nursing facility quality incentive payment

(R.C. 5165.26)

The bill eliminates a provision of current law, enacted in 2024 in S.B. 144 of the 135th General Assembly, regarding calculating quality incentive payments for nursing facilities that undergo a change of owner. The law provides that if a nursing facility undergoes a change of owner with an effective date of July 1, 2023, or later, the facility is ineligible to receive a Medicaid quality incentive payment for a period of time. The facility will not receive a quality incentive payment until the earlier of the first day of January or the first day of July, at least six months after the effective date of the change of owner, if within one year after the change of owner, there is an increase in the lease payments or other financial obligations of the operator to the owner above the payments or obligations specified by the agreement between the previous owner and the operator. The bill eliminates this provision.

Similarly, current law provides that if a nursing facility undergoes a change of operator with an effective date of July 1, 2023, or later, the facility is ineligible to receive a quality incentive payment until the earlier of the first day of January or the first day of July, at least six months after the effective date of the change of operator. The bill modifies this date from July 1, 2023, to July 1, 2025, to adjust for the upcoming biennium.

Waiver of ineligibility period for nursing facility services

(R.C. 5163.30)

Under continuing law unchanged by the bill, an institutionalized individual is ineligible to receive nursing facility services, nursing facility equivalent services, and home and community-based services under the Medicaid program for a period of time determined by ODM,

if the individual or individual's spouse disposes of assets for less than fair market value on or after the designated look-back period following the date on which the institutionalized individual becomes eligible for or applies for Medicaid benefits. The bill permits ODM to grant a waiver of all or a portion of the ineligibility period for the institutionalized individual if the administrator of a nursing facility in which the individual resides has notified the individual of a proposed transfer or discharge from the facility for a failure to pay for the care provided to the individual, and the transfer or discharge has been upheld by a final determination. Current law requires ODM to grant such a waiver.

Medicaid provider payment rates

Payment rates for community behavioral health services

(Section 333.170)

The bill permits ODM to establish Medicaid payment rates for community behavioral health services provided during FY 2026 and FY 2027 that exceed the Medicare rates for those services. This authorization does not apply to those services provided by hospitals, nursing facilities, or ICFs/IID.

Home and community-based services (HCBS) direct care worker wages

(Section 333.270)

The bill requires ODM, jointly with the Department of Aging and the Department of Developmental Disabilities, to collect data from providers regarding the wages paid to direct care workers providing direct care services under Medicaid HCBS waiver components administered by the departments. Not later than December 31 of each fiscal year of the biennium, ODM must compile a report and submit it to the Governor.

Direct care rate determinations

(Section 333.280)

The bill makes several changes to how a nursing facility's direct care rate is determined. That rate is calculated utilizing case-mix scores. From July 1, 2025, through December 31, 2025, the bill specifies that a nursing facility's direct care rate is to be determined utilizing the quarterly case-mix score for the nursing facility as of July 1, 2025. Beginning January 1, 2026, through the remainder of FY 2026, the bill requires that the increase or decrease to a nursing facility's direct care rate equal one-third of the difference between the direct care rate in effect on January 1, 2025, and the direct care rate determined utilizing case-mix scores calculated in accordance with the changes to grouper methodology required by the bill. For FY 2027, the increase or decrease to a nursing facility's direct care rate is equal to $^{2}/_{3}$ of the difference between the direct care rate in effect on January 1, 2025, and the direct care rate determined utilizing case-mix scores calculated in accordance with the changes to grouper methodology required by the bill.

Special programs

Medicaid buy-in for workers with disabilities program premiums

(R.C. 5162.133, 5163.091, 5163.093, 5163.094, and 5163.098)

The bill eliminates a requirement that individuals whose income exceeds 150% FPL must pay an annual premium as a condition of qualifying for the Medicaid buy-in for workers with disabilities (MBIWD) program. MBIWD is an optional eligibility group covered by the Medicaid program. It allows certain disabled individuals who are employed to be enrolled in the Medicaid program so long as their income does exceed 250% FPL.

Hospital Additional Payments Program

(Section 333.140)

The bill establishes the Hospital Additional Payments Program as a state directed payment program for inpatient and outpatient hospital services provided to enrollees in the Medicaid care management system who receive care at in-state hospitals. Under the program, participating hospitals and hospital industry representatives must work collaboratively with ODM to establish quality improvement initiatives that align with and advance the goals of ODM's quality strategy required under federal law. Participating hospitals will receive direct payments for services provided under the program.

Rural Southern Ohio Hospital Tax Pilot Program and assessment

(Sections 333.290 and 333.300)

Pilot program

The bill authorizes the Medicaid Director to establish the Rural Southern Ohio Hospital Tax Pilot Program to provide directed payments to rural southern Ohio hospitals and their related health systems. To be eligible to participate in the pilot program, a hospital must (1) be enrolled as a provider in the Medicaid program, and (2) be located in Fayette, Greene, Highland, Hocking, Muskingum, Perry, Pike, Ross, or Scioto County.

The pilot program must comply with all federal law requirements governing state directed payment programs, including all of the following:[88]

- The pilot program must be approved by CMS and the Medicaid Director must seek approval for the pilot program in accordance with existing law.
- Directed payments under the program may not exceed the average commercial rate under a preprint form as approved by CMS.
- The pilot program must be subject to an evaluation plan.

As a condition of participation in the pilot program, a hospital must enter into one or more contracts related to the program that ODM considers necessary. The bill specifies that any

[88] 42 C.F.R. 438.6(c).

required contracts must be executed not later than October 1 in a year immediately preceding the first fiscal year of a biennium. Additionally, a hospital must comply with (1) average commercial rate reporting requirements established by ODM and (2) ODM's quality measure set, including the metrics and targets set by ODM to advance the goals and objectives of ODM's quality strategy, as required under federal regulations. Hospitals must also cooperate with any evaluation or reporting requirements established by ODM.

The bill further specifies that no hospital provider may participate in the pilot program unless sufficient tax funds are assessed, collected, obligated, and appropriated. The Medicaid Director may terminate or decline to establish the pilot program if federal or local tax funding is not available or sufficient to sustain the program, and at no time is ODM required to provide funding for the program. If at any time ODM is informed that the assessment established to fund the nonfederal share of the pilot program is an impermissible health care related tax, it must promptly refund the amounts paid by each hospital into the Rural Southern Ohio Hospital Tax Pilot Program Fund under the program (see "**Assessment**" below).

Assessment

To provide the nonfederal share of payments made under the pilot program, the bill permits counties in which the program will operate to establish a local hospital assessment. If a local hospital assessment is established, it must comply with all federal requirements applicable to provider assessments.

The bill permits counties to set the annual rate of the local hospital assessment. An assessment must apply uniformly to all nonpublic hospitals with the jurisdiction of the county, and at the discretion of the counties, may also apply to public hospitals. The rate of an assessment, in the aggregate, must be sufficient to cover (1) the nonfederal share of Medicaid payments that benefit hospitals in the counties, and (2) the administrative expenses for administering the local hospital assessment, up to $150,000 annually. The bill further provides that the implementation of a local hospital assessment must further Ohio's evolving quality goals, including (1) improving mental health, (2) substance abuse prevention, and (3) advancing maternal health. Counties may impose penalties upon hospitals that fail to pay the assessment in a timely manner.

The bill permits contiguous counties participating in the pilot program to establish a multi-county funding district for the purposes of a local hospital assessment. The boundaries of a multi-county funding district are coextensive with the combined boundaries of the counties that comprise the funding district. The bill specifies that a multi-county funding district is a governmental entity.

To establish a multi-county funding district, the bill requires the board of county commissioners of each county within the boundaries of a proposed district to pass a resolution or ordinance establishing the district and appointing a county commissioner to serve on the district's governing board. Before a new county may join the district, the resolution or ordinance of each county in the district must be amended. The appointed county commissioner from each member county constitutes the governing board of the district. A county may replace its appointment to the governing board by resolution or ordinance. The bill authorizes a governing

board to delegate the operational and administrative burdens of the funding district to the counties within the district. Not later than 60 days after a funding district is established, a governing board must designate at least one county to serve as the operational and administrative lead for the district. The designation may be changed at any time.

Medicaid state directed payment programs

(R.C. 5162.25)

The bill establishes conditions that must be satisfied upon the creation of a state directed payment program that is funded in a manner other than by ODM or the hospital franchise permit fee program. All new and existing state directed payment programs subject to the bill's requirements must comply with all federal law requirements governing state directed payment programs, including all of the following:[89]

- The program must be approved by CMS and the ODM Director must seek approval for the program in accordance with existing law.
- Directed payments under the program may not exceed the average commercial rate for all providers participating under a preprint form approved by CMS, unless the payments are exempted by a value-based purchasing agreement approved by CMS.
- The program must be subject to an evaluation plan.

The bill further specifies that a state directed payment program must be for hospital providers and services or professional services provided by hospitals. At the discretion of the Director, one state directed preprint form approved by CMS may be approved for (1) inpatient and outpatient hospital services, (2) physician services, and (3) children's hospitals participating in the Acceleration for Kids Quality Initiative.

As a condition of participating in a state directed payment program, a hospital provider must enter into one or more contracts related to the program, as ODM considers necessary. The bill specifies that any required contract must be executed not later than October 1 in a year immediately preceding the first fiscal year of a biennium.

Additionally, a hospital must comply with (1) average commercial rate reporting requirements established by ODM and (2) ODM's quality measure set, including the metrics and targets set by ODM to advance the goals and objectives of the Department's quality strategy, as required under federal regulations. Hospitals must also cooperate with any evaluation or reporting requirements established by ODM.

The bill stipulates that a hospital provider may not participate in a state directed payment program unless sufficient funds are obligated and appropriated. The ODM Director may terminate or decline to establish a state directed payment program if federal or local funding is not available or sufficient to sustain the program. ODM is not required to provide funding for a state directed payment program.

[89] 42 C.F.R. 438.6(c).

340B grantees

(R.C. 5167.01 and 5167.123; conforming changes in R.C. 3902.70 and 4729.29)

The bill includes provisions relating to the pricing of prescribed drugs under the Medicaid care management system obtained under the federal 340B Drug Pricing Program. For purposes of the interactions between a Medicaid MCO, third-party administrator, and 340B covered entity, the bill removes most hospitals from the list of entities that are included as 340B covered entities. In making this change, the bill instead refers to 340B covered entities as 340B grantees and specifies that to be considered a 340B grantee, an entity must be designated as an active entity under the Health Resources and Services Administration covered entity daily report. The bill maintains the current law definition of a 340B covered entity outside of the Medicaid program, for purposes of a contract between a health plan issuer, third-party administrator, and 340B covered entity, and for purposes of a contract between a terminal distributor of dangerous drugs and a 340B covered entity.

The bill eliminates a prohibition against a contract between a Medicaid MCO, third-party administrator, and 340B grantee including a payment rate for a prescribed drug that is less than the national average drug acquisition costs rate for the drug as determined by CMS, or if no rate is available, a reimbursement rate that is less than the wholesale acquisition cost of the drug. Instead, the bill prohibits a contract between the entities described above from including a provision for a payment rate for a prescribed drug provided by a 340B grantee to an individual as a result of health care services provided by the grantee directly to the individual, that is less than the payment rate applied to health care providers that are not 340B grantees.

In addition, the bill requires a Medicaid MCO or third-party administrator to provide a payment rate for all prescribed drugs obtained under the 340B Drug Pricing Program by providers that are not 340B grantees that is equal to the payment rate for those prescribed drugs under the Medicaid state plan. The bill provides that any payment made under payments rates specified in contracts between Medicaid MCOs, third-party administrators, and 340B grantees are subject to audit by ODM.

General

Exemption from adjudication

(R.C. 5164.38)

The bill exempts ODM from the requirement to conduct an adjudication in accordance with the Administrative Procedure Act (APA) under certain circumstances primarily related to the inactive status of a provider's license, permit, or certificate. Generally, under existing law, ODM must issue an order pursuant to an adjudication under the APA when it does any of the following:

- Refuses to enter into a provider agreement with a Medicaid provider;
- Refuses to revalidate a Medicaid provider's provider agreement;
- Suspends or terminates a Medicaid provider's provider agreement;

One circumstance under which ODM is not required to conduct an adjudication under the APA is when the terms of a provider agreement require the Medicaid provider to hold a license, permit, or certificate or maintain a certification issued by another governmental entity (credential), and the credential has been denied, revoked, not renewed, suspended, or otherwise limited. The bill adds to these circumstances: when the credential is inactive by any means, or is surrendered, withdrawn, retired, or otherwise restricted.

Another circumstance under which ODM is not required to conduct an APA adjudication is when the Medicaid provider's application for a provider agreement is denied or the provider agreement is terminated or not revalidated because of the termination, refusal to renew, or denial of the credential, even if the provider may hold the credential in another state. The bill adds the inactivation of the credential by any means to these circumstances.

Under existing law, when ODM denies, refuses to validate, suspends, or terminates a provider agreement, the provider may request a reconsideration of the provider's exclusion from participating in the Medicaid program.[90]

Right of recovery for cost of medical assistance

(R.C. 5160.37)

Under current law, ODM and county departments of job and family services have an automatic right of recovery against the liability of a third party that pays for the cost of medical assistance provided to a medical assistance recipient enrolled in the Medicaid program. The law provides that when a medical assistance recipient secures a settlement, compromise, judgment, or award or any recovery related to a claim by a medical assistance recipient against a third party for the cost of medical assistance, there is a rebuttable presumption that ODM or the county department is entitled to the lesser of (1) one-half of the remaining amount after fees, costs, and expenses are deducted from the total judgment, award, settlement, or compromise, or (2) the actual amount of medical assistance paid.

The bill permits an individual who was a recipient of medical assistance who repaid money to ODM or a county department under the automatic right of recovery described above, between April 6, 2007, and September 28, 2007, to request a hearing to rebut the presumption about the amount the individual repaid. A request must be made within 180 days after the bill's effective date. The presumption described above is successfully rebutted if the requestor demonstrates by clear and convincing evidence that a different allocation is warranted.

Under the bill, any of the following may submit a request for a hearing:

- The medical assistance recipient;
- The recipient's authorized representative;
- The executor or administrator of a recipient's estate who is authorized to make or pursue a request;

[90] R.C. 5164.33, not in the bill.

- A court-appointed guardian;
- An attorney who has been directly retained by the recipient, or the recipient's parent, legal guardian, or court-appointed guardian.

MyCare Ohio expansion

(Section 333.250)

The bill requires the Director, in accordance with the provisions established in 2023 in H.B. 33 of the 135th General Assembly, to continue to expand the Integrated Care Delivery System (ICDS, known as "MyCare Ohio") to all Ohio counties during FY 2026 and FY 2027. If the Director terminates MyCare Ohio, the successor program must serve all Ohio counties as well. The Director must select the entities for the expanded program.

ODM must establish requirements for care management and coordination of wavier services in the expanded program, subject to the following:

- The selected entities must employ the applicable area agency on aging to be coordinators of home and community-based services under a Medicaid waiver component available for eligible individuals over age 59.
- The entities may delegate to the area agency on aging full care coordination function for home and community-based services and other health care services received by those eligible individuals.
- Individuals enrolled in an entity's plan may choose the entity or its designee as the care coordinator, as an alternative to the area agency on aging.
- ODM may specify an alternative approach to care management and coordination of waiver services if the area agency on aging's performance does not meet the program requirements or if ODM determines that the needs of a defined group of individuals require an alternative approach.

MyCare Ohio successor program

(R.C. 5167.01 and 5167.03)

The bill permits ODM to include a Fully Integrated Dual Eligible Special Needs Plan (FIDE SNP) in the Medicaid care management system as a replacement for the ICDS. Both the ICDS and a FIDE SNP permit individuals who are dually eligible for services under both the Medicaid and Medicare programs to receive services under a single managed care plan.

Hospital Care Assurance Program; franchise permit fee

(Section 610.10)

The Hospital Care Assurance Program (HCAP) is a program administered by ODM to distribute funds to hospitals that provide a disproportionate share of services to low-income individuals. As a condition of receiving payments under HCAP, hospitals must provide basic, medically necessary, hospital-level services to state residents with incomes below the federal poverty level. To raise funds necessary to make payments under HCAP, ODM imposes annual

assessment fees on all hospitals. In addition to the HCAP annual assessment, ODM also imposes a separate annual assessment on hospitals to help pay for the Medicaid program. To distinguish that assessment from HCAP, the assessment is sometimes called a hospital franchise permit fee.

H.B. 870 of the 119th General Assembly (1992) established a sunset provision for HCAP and the hospital franchise permit fee. The initial sunset was scheduled for October 1, 1995. However, the sunset date has since been extended by each subsequent General Assembly. Most recently, H.B. 33 of the 135th General Assembly (2023) extended the sunset to October 16, 2025. The bill repeals this sunset provision, thereby making the continued operation of HCAP and the hospital franchise permit fee permanent.

Appeal of hospital assessment or audit

(R.C. 5168.08, 5168.11, and 5168.22)

Hospital assessments

Hospital Care Assurance Program

The bill makes substantive changes to the Hospital Care Assurance Program (HCAP) annual assessment imposed on all hospitals as a funding mechanism for the program. Continuing law, unchanged by the bill, requires ODM to issue a preliminary determination of the amount the hospital is to be assessed during the program year. Upon receipt of a preliminary determination from ODM, a hospital may request reconsideration of the preliminary determination. The bill specifies that a final reconciliation constitutes a final interim order that may be subject to adjustments made by CMS. Under current law, if a hospital does not request reconsideration of the preliminary determination, the preliminary determination constitutes final reconciliation of the assessment.

If one or more hospitals seeks a redetermination of a preliminary determination, current law requires the hospital to submit a written request to ODM not later than 14 days after the preliminary determination is issued. The request must include written materials that set forth the basis for the redetermination.

The bill expands these notice provisions by permitting delivery of the written materials by (1) regular mail, (2) electronic mail, or (3) in-person delivery. It also eliminates a requirement that ODM hold a public hearing if one or more hospitals seek redetermination of a preliminary determination. The bill's provisions specifying that a final reconciliation constitutes a final interim order that may be subject to adjustments made by CMS also apply to final reconciliations that are the result of a redetermination (current law provides that the redetermination result constitutes final reconciliation of a hospital's assessment).

Under current law unchanged by the bill, ODM must issue each hospital a written notice of its assessment under the final reconciliation, and a hospital may appeal the final reconciliation to the Franklin County court of common pleas. The bill clarifies that the complete record of the appeal proceedings includes all documentation considered by ODM in issuing the final reconciliation.

Hospital franchise permit fee

In addition to the assessment imposed upon hospitals as part of HCAP, Ohio law also imposes the hospital franchise permit fee upon hospitals. The bill makes similar changes to the law governing the additional assessment to those made concerning the assessment imposed under HCAP, including (1) that written materials submitted to ODM by a hospital seeking redetermination of a preliminary determination of the assessment may be delivered to ODM by regular mail, electronic mail, or in-person delivery, and (2) that if a hospital appeals a final determination of its assessment, the complete record of the proceedings includes all documentation considered by ODM in issuing the final determination.

Hospital audit

Under continuing law unchanged by the bill, funds paid by a hospital pursuant to the HCAP assessment are deposited into the Hospital Care Assurance Program fund. ODM may audit the amounts of payments made by a hospital and (1) make payments to a hospital that paid amounts it should not have been required to pay or did not receive amounts it should have, and (2) take action to recover from a hospital any amounts the hospital should have been required to pay but did not or that it should have not received but did.

The bill eliminates the ability of a hospital to appeal the results of an audit and instead requires a hospital that disagrees with the results of an audit to seek a declaratory judgment in Franklin County court. While judicial proceedings are pending, the hospital must pay to the fund any amounts identified by an audit that are not in dispute.

MOTOR VEHICLE REPAIR BOARD

Motor Vehicle Repair Board

- Requires the Motor Vehicle Repair Board to adopt rules to establish the fees for motor vehicle repair registration certificates and eliminates the statutory fee amount and the requirement that the Board seek Controlling Board approval to adjust the fees.

Motor Vehicle Repair Board

(R.C. 4775.07 and 4775.08)

The bill requires the Motor Vehicle Repair Board to adopt rules to establish the initial and renewal fees for motor vehicle repair registration certificates. It eliminates the requirement that the Board seek Controlling Board approval to adjust the fees by no more than 50% of the current statutory fee amount of $150. The current fee charged is $228.50.[91] The Board must establish the fees as necessary to cover the expenses associated with carrying out its duties.

[91] Registration, which is available by conducting a keyword "registration" search on the Motor Vehicle Repair Board website: mvrboard.ohio.gov.

DEPARTMENT OF NATURAL RESOURCES

Division of Wildlife

Hunting and fishing

- Increases, from $74 to $210, the fee for each nonresident deer permit.
- Increases various fishing license fees charged to a nonresident who is not a resident of a reciprocal state.
- Expands the allowable uses for hunting and fishing related gift certificates.
- Makes permissive, instead of mandatory, the Chief of the Division of Wildlife's authority to adopt rules governing hunting and fishing related gift certificates.
- Eliminates the requirement that the Chief establish fees for gift certificates that equal the total fee for the applicable license, permit, or stamp.
- Eliminates the requirement that a gift certificate expire one year after the date of purchase.

Division of Oil and Gas Resources Management

Oil and gas severance tax allocation

- Increases the percentage of oil and gas severance taxes allocated to the Division of Geological Survey, from 10% to 14%, and decreases the percentage to the Division of Oil and Gas Resources Management, from 90% to 86%.

Oil and gas orders – appeals and procedures

- Requires the Chief of the Division of Oil and Gas Resources Management to adopt rules to establish procedures for providing notice and serving orders and compliance notices, instead of requiring those actions to be conducted in accordance with the Administrative Procedure Act as in current law.
- Requires a person appealing an order of the Chief or a rule adopted by the Chief to appeal first to the Oil and Gas Commission instead of having the choice between appealing to either the Commission or a court as in current law.

Division of Water Resources

Water withdrawals

- Establishes annual fees for a facility required to register to withdraw waters of the state in an amount greater than 100,000 gallons per day.
- Bases the fee on the withdrawal capacity of the facility.
- Requires fees to be deposited into the existing Water Management Fund.
- Increases the application fee for a consumptive use permit for a facility withdrawing water in the Ohio River Basin from $1,000 to $5,000.

- Increases the application fee for a withdrawal and consumptive use permit for a facility withdrawing water in the Lake Erie Basin from $1,000 to $5,000.

Division of Parks and Watercraft

Creation of new funds

- Creates the Park Lodges, Maintenance, and Repair Fund and the Parks and Watercraft Holding Fund, both in the state treasury, and specifies the purposes of each fund.

Watercraft registration and fees

- Increases the additional writing fee for a temporary watercraft registration and for a watercraft registration certificate from $3 to $5.
- Applies the current $12 (numbered craft) or $17 (unnumbered craft) triennial registration fee for a watercraft to kayaks, inflatable watercraft meeting the definition of paddlecraft, or any other watercraft propelled solely by human muscular effort.
- Applies the current $30 triennial registration fee for a class A watercraft to e-foils and jetboards.
- Beginning on January 1, 2027, increases the triennial registration fee for a watercraft by an amount not to exceed the percentage increase of the Consumer Price Index since January 1, 1994, rounded to the nearest whole dollar.
- Exempts e-foils and jetboards from the requirement that watercraft operated by power, sail, or other mechanical or electrical means of propulsion be registered by length.
- Specifies that a required watercraft registration certificate may be in physical or digital form.
- Allows a registration certificate to be presented in physical or digital form within 72 hours of when a watercraft that is not numbered is stopped by a law enforcement officer, rather than only in physical form as in current law.
- Applies the 72-hour registration certificate presentment requirement to kayaks and inflatable watercraft meeting the definition of a paddlecraft.
- Creates definitions for "e-foil," "jetboard," and "racing shell."
- Removes a "rowing skull" from the definition of rowboat.
- Specifies that the above provisions take effect January 1, 2027.

Division of Natural Areas and Preserves: merchandise sales

- Allows the Chief of the Division of Natural Areas and Preserves to sell merchandise and other items related to, or that promote, the state's wildlife and unique environment, and general ecological preservation and conservation.
- Requires the money received from the sale of merchandise to be paid into the state treasury to the credit of the Natural Areas and Preserves Fund.

Division of Mineral Resources Management

Long-term Abandoned Mine Reclamation Fund

- Creates in the state treasury the Long-Term Abandoned Mine Reclamation Fund to be administered by the Chief of the Division of Mineral Resources Management.
- Specifies that the fund must consist of grants awarded by the U.S. Secretary of the Interior from the federal Abandoned Mine Reclamation Fund and be used for the abatement of the causes and the treatment of the effects of acid mine drainage resulting from coal mine practices.

Qualifications/exams for certain mining industry positions

- Repeals provisions of Ohio's mine and quarry law specifying the qualifications for (1) fire bosses, (2) shot firers, and (3) forepersons of surface maintenance facilities, and repeals the requirement that the Chief must conduct examinations for these positions.
- Retains the requirement that the Chief conduct examinations for other mining-related positions, but specifies that for mine forepersons, forepersons, mine electricians, and surface mine blasters, the Chief must provide examinations "as needed" instead of "quarterly or more often as required" in current law.
- Repeals the requirement that public notice be given announcing the time and place for upcoming examinations.

Program Support Fund

- Codifies the Program Support Fund, which supports centralized service support offices of the Department of Natural Resources (DNR) using payments from divisions within DNR and other payments received for purposes of the fund.

Division of Wildlife

Hunting and fishing

(R.C. 1533.11, 1533.32, and 1533.131)

Nonresident permit and license fees

The bill increases, from $74 to $210, the fee for each nonresident deer permit. It also increases fishing license fees charged to a nonresident who is not a resident of a reciprocal state as follows:

1. Annual fishing license fee, from $49 to $74;

2. Three-day tourist fishing license fee, from $24 to $50; and

3. One-day fishing license fee, from $13 to $26.

Gift certificates

The bill expands the allowable uses for hunting and fishing related gift certificates to allow a person to obtain, pay for, or purchase both of the following:

1. Any license, permit, or stamp that the Chief of the Division of Wildlife so designates as gift certificate eligible; and

2. Any user fee or conservation-related item, such as a magazine subscription, that the Chief so designates as gift certificate eligible.

Current law allows gift certificates to be used only for hunting and fishing licenses; fur taker, deer, and wild turkey permits; and wetlands habitat stamps.

The bill also allows, instead of requires, the Chief to adopt rules governing hunting and fishing related gift certificates. Further, it eliminates current law's requirement that the Chief establish fees for gift certificates that equal the total fee for the applicable license, permit, or stamp. Finally, it eliminates the requirement that a gift certificate expire one year after the date of purchase.

Division of Oil and Gas Resources Management

Oil and gas severance tax allocation

(R.C. 5749.02)

The bill increases the percentage of oil and gas severance taxes credited to the Geological Mapping Fund, from 10% to 14%, and decreases the percentage to the Oil and Gas Well Fund, from 90% to 86%. The Geological Mapping Fund funds the activities of DNR's Division of Geological Survey. The Oil and Gas Well Fund funds the activities of DNR's Division of Oil and Gas Resources Management.

Severance tax is levied upon the extraction or severance of natural resources from the soil or waters of Ohio. Under continuing law, the rate of severance tax imposed on oil is 10¢ per barrel and the rate on natural gas is 2.5¢ per 1,000 cubic feet (MCF). The bill leaves unchanged the distribution of a separate cost recovery assessment that equals 10¢ per barrel of oil and 0.5¢ per MCF of gas, all of which is credited to the Oil and Gas Well Fund.[92]

Oil and gas orders – appeals and procedures

(R.C. 1509.03 and 1509.36, conforming change in R.C. 1509.221

The bill eliminates the requirement that all orders issued and notices given by the Chief of the Division of Oil and Gas Resources Management be done in accordance with the Administrative Procedure Act. Instead, it requires the Chief to adopt rules that establish procedures for both of the following:

1. Notice required to be provided to any person under the Oil and Gas Law; and

[92] R.C. 1509.50, not in the bill.

2. Serving the Chief's orders and compliance notices.

It also eliminates a person's choice between appealing an order of the Chief or a rule adopted by the Chief to a court of common pleas or the Oil and Gas Commission. Instead, the bill requires such appeals to be made only to the Oil and Gas Commission. However, the bill retains the person's right to appeal the Commission's decision to the Franklin County Court of Common Pleas.

Division of Water Resources

Water withdrawals: facility registration fee

(R.C. 1521.16)

Current law requires the owner of a facility that has a capacity to withdraw an amount of water greater than 100,000 gallons per day to register the facility with the Chief of the Division of Water Resources. The bill establishes annual fees for a facility required to so register. The fees are based on the registered withdrawal capacity of the facility as follows:

- For a facility with a registered withdrawal capacity of 100,000 to 249,999 gallons per day, $75.
- For a facility with a registered withdrawal capacity of 250,000 to 499,999 gallons per day, $100.
- For a facility with a registered withdrawal capacity of 500,000 to 999,999 gallons per day, $150.
- For a facility with a registered withdrawal capacity of 1,000,000 to 9,999,999 gallons per day, $250.
- For a facility with a registered withdrawal capacity of 10,000,000 to 49,999,999 gallons per day, $550.
- For a facility with a registered capacity of 50,000,000 gallons per day or greater, $1,050.

The bill requires the fees to be deposited into the existing Water Management Fund, which is administered by the Division of Water Resources and used for a variety of purposes, including to administer the law related to the Division of Water Resources, to make loans and grants to government agencies for water management, and to perform watershed and water resources studies.

Withdrawal and consumptive use permit application fee

(R.C. 1521.23 and 1522.12)

The bill increases the application fee for a consumptive use permit for a facility withdrawing water in the Ohio River Basin from $1,000 to $5,000. The bill also increases the application fee for a withdrawal and consumptive use permit for a facility withdrawing water in the Lake Erie Basin from $1,000 to $5,000.

Division of Parks and Watercraft

Creation of new funds

(R.C. 1546.25 and 1546.26)

The bill creates the Park Lodges, Maintenance, and Repair Fund and the Parks and Watercraft Holding Fund, both in the state treasury as follows:

DNR fund creation		
Fund	**Money credited to fund**	**Allowable fund uses**
Park Lodges, Maintenance, and Repair Fund	Money that DNR's Division of Parks and Watercraft receives from contractual agreements with service providers and concessionaires for state park lodges, restaurants, and marinas.	To pay maintenance and repair costs for facilities operated by concessionaires and service providers at state park lodges, restaurants, and marinas.
Parks and Watercraft Holding Fund	Money received by the Division of Parks and Watercraft from gift card sales, credit card sales, and sales conducted at field locations.	Funds are transferred to the appropriate DNR fund. For gift card sales, the Division Chief must transfer money in the fund to the appropriate fund after gift certificates and gift cards are redeemed.

Watercraft registration and fees

(R.C. 1546.01, 1547.531, and 1547.54)

The bill makes numerous changes to the law governing watercraft registration and the fees for registration. It also establishes a special effective date for these changes – January, 1 2027.

Registration fees

Under the bill, the following changes are made to the registration fees for watercraft:

- The additional writing fee for a temporary watercraft registration is increased from $3 to $5.
- The additional writing fee for a watercraft registration certificate is increased from $3 to $5.
- The triennial watercraft registration fee of $12 (numbered watercraft) or $17 (unnumbered watercraft) is applied to kayaks, inflatable watercraft meeting the definition of paddlecraft, and any other watercraft propelled solely by human muscular effort.

- The current $30 triennial registration fee for class A watercraft is applied to e-foils and jetboards (see below).
- The triennial registration fees for all watercraft must be increased by an amount not to exceed the percentage by which the Consumer Price Index has changed since January 1, 1994, rounded to the nearest whole dollar.

Watercraft registration by length

E-foils and jetboards are exempted by the bill from the requirement that watercraft operated by means of power, sail, or any other mechanical or electrical means of propulsion be registered by length.

Watercraft registration certificate inspection

Current law generally requires the registration certificate for a watercraft to be on the watercraft and available for inspection at all times the watercraft is in operation. The bill permits the registration certificate to be on the watercraft in either physical or digital form.

Existing law also requires a person operating a canoe, rowboat, or inflatable watercraft on the waters of Ohio that has not been numbered and that is stopped by a law enforcement officer to present a registration certificate to the officer not later than 72 hours after being stopped. The bill allows the registration certificate to be presented to the officer in physical or digital form. It also applies this presentment requirement to kayaks and inflatable watercraft meeting the definition of a paddlecraft.

Watercraft definitions

The bill adds the following terms to the Division of Parks and Watercraft Law:

- "E-foil" means a long, narrow, somewhat rounded, mechanically propelled vessel that is inherently buoyant, has no cockpit, is constructed of a flat, or nearly flat, rigid material, utilizing a hydrofoil that is designed to lift the hull above the surface of the water while being operated by a single person in a standing or kneeling position.
- "Jetboard" means a long, narrow, somewhat rounded, mechanically propelled vessel that is inherently buoyant, has no cockpit, is constructed of a flat, or nearly flat rigid material, and is operated by an individual who is kneeling, standing, or lying on the vessel.
- "Racing shell" means a narrow rowboat designed specifically for racing that is propelled across the water by its occupants utilizing two or more oars, including vessels commonly referred to as rowing shells and sculling shells.

The bill also removes "rowing skulls" from the definition of "rowboat."

Division of Natural Areas and Preserves: merchandise sales

(R.C. 1517.11)

The bill allows the Chief of the Division of Natural Areas and Preserves to sell any of the following:

- Items related to, or that promote, Ohio's native plants and animals, unique ecology and geology, and general ecological preservation and conservation such as pins, apparel, stickers, books, bulletins, maps, publications, calendars, and other educational articles and Division-branded merchandise;
- Items pertaining to Ohio's ecology including native plants.

The bill directs all money received from the sale of merchandise for deposit into the state treasury to the credit of the Natural Areas and Preserves Fund, which is created under current law.

Division of Mineral Resources Management

Long-term Abandoned Mine Reclamation Fund

(R.C. 1513.371)

The bill creates the Long-Term Abandoned Mine Reclamation Fund in the state treasury to be administered by the Chief of the Division of Mineral Resources Management. The fund consists of grants awarded by the U.S. Secretary of the Interior from the federal Abandoned Mine Reclamation Fund under the federal "Infrastructure Investment and Jobs Act" (IIJA).[93] All investment earnings of the fund are also credited to the fund.

As specified in the bill, the fund must be used for abatement of the causes and treatment of the effects of acid mine drainage resulting from coal mine practices. The scope of the fund's purpose includes the following:

- The costs of building, operating, maintaining, and rehabilitating acid mine drainage treatment systems;
- The prevention, abatement, and control of subsidence; and
- The prevention, abatement, and control of coal mine fires.

According to the Office of Surface Mining Reclamation and Enforcement within the U.S. Department of the Interior, "acid mine drainage" (also referred to as "acid drainage" or "AMD") is "[w]ater with a pH of less than 6.0 and in which total acidity exceeds total alkalinity, discharged from an active, inactive, or abandoned surface coal mine and reclamation operation or from an area affected by surface coal mining and reclamation operations." "Subsidence" is "[s]urface caving or sinking of a part of the earth's crust due to underground mining excavations."[94]

IIJA

The IIJA reauthorized the coal reclamation fee from coal mine operators under the "Surface Mining Control and Reclamation Act of 1977," and provided emergency appropriations to the Abandoned Mine Reclamation Fund for grants to eligible states and tribes for the

[93] Infrastructure Investment and Jobs Act, Pub. L. No. 177-58, not in the bill.

[94] U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement, "Glossary," available at: osmre.gov/resources/glossary, accessed on January 27, 2025.

reclamation of abandoned coal mining sites. Under the IIJA, the coal fee may be collected until the end of federal fiscal year 2034.[95]

Other mine reclamation and abatement funds

The bill makes no changes to the ongoing law regarding the Abandoned Mine Reclamation Fund and the Acid Mine Drainage Abatement and Treatment Fund. Both funds are administered by the Chief and are funded by grants from the U.S. Secretary of the Interior.

Current law requires expenditures from the Abandoned Mine Reclamation Fund for certain specified purposes, including reclamation and restoration of land and water resources adversely affected by past coal mining; prevention, abatement, treatment, and control of water pollution created by coal mine drainage; and prevention, abatement, and control of coal mine subsidence. The law establishing the Acid Mine Drainage Abatement and Treatment Fund provides for the comprehensive abatement of the causes and treatment of the effects of acid mine drainage within qualified hydrologic units affected by coal mining practices.[96]

Qualifications/exams for certain mining industry positions

(R.C. 1561.13, 1561.18, repealed, 1561.21, repealed, and 1561.22, repealed; R.C. 1561.16, 1561.46, and 1561.48 (conforming changes))

The bill repeals Ohio mining and quarry law provisions that specify the qualifications for the mining industry positions of forepersons of surface maintenance facilities, fire bosses, and shot firers. Consequently, the bill also repeals the requirement that the Chief conduct examinations for these positions. However, it does not similarly remove these positions in the law requiring the Chief to issue certificates to applicants who pass their examinations. Current law specifies that persons seeking these positions meet certain qualifications. All must be able to read and write the English language and must have a certain number of years of practical experience or the equivalent in the judgment of the Chief.

Under continuing law, the Chief must conduct examinations for several other mining-related positions. The bill specifies that for persons seeking certificates as mine forepersons, forepersons, mine electricians, and surface mine blasters, the Chief must provide examinations "as needed," instead of providing them "quarterly or more often as required" as under current law. Finally, the bill also repeals the requirement that public notice, through the press or otherwise, be given announcing the time and place at which examinations are to be held.

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[95] Congressional Research Service, "In Focus: The Abandoned Mine Reclamation Fund: Issues and Legislation in the 117th Congress," Updated on January 7, 2022. Available at: crsreports.congress.gov/product/pdf/if/if11352, accessed on January 24, 2025.

[96] R.C. 1513.37(A) and (E), not in the bill.

Program Support Fund

(R.C. 1501.47)

The bill codifies the Program Support Fund, which is used by the Director to support centralized service support offices of DNR. The fund consists of payments from divisions within DNR and any other payments received by DNR related to the purposes of the fund.

The Program Support Fund was created in uncodified law by H.B. 110 of the 134th General Assembly in 2021.[97]

[97] Section 343.20 of H.B. 110, 134th General Assembly (2021).

BOARD OF NURSING

Disciplinary grounds – failure to cooperate

- Establishes an additional ground upon which the Board of Nursing may impose discipline on the holder of a nursing license or dialysis technician certificate – that the holder failed to cooperate with a Board-conducted investigation.

Disciplinary grounds – failure to cooperate

(R.C. 4723.28)

The bill establishes an additional reason for the Board of Nursing to impose professional discipline on the holder of a nursing license or dialysis technician certificate – that the holder failed to cooperate with an investigation conducted by the Board. Under its existing rulemaking authority, the Board could extend this additional reason for taking disciplinary action to its regulation of medication aides and community health workers.[98]

Failure to cooperate includes (1) failing to comply with a Board-issued subpoena or order or (2) failing to answer truthfully a question presented by the Board in an investigative interview, in an investigative office conference, at a deposition, or in written interrogatories. The bill also clarifies that failure to cooperate does not include failing to comply with a subpoena quashed by a court or, as permitted by court order, withholding evidence or testimony.

[98] See R.C. 4723.652(A) and 4723.88(F), not in the bill.

STATE BOARD OF PHARMACY

Regulation of wholesale and retail drug distributors

- Expressly requires the State Board of Pharmacy to license out-of-state business operations involved in the retail and wholesale sale of drugs: terminal distributors, wholesale distributors, outsourcing facilities, third-party logistics providers, repackagers, and manufacturers.
- Increases the fees for issuing and renewing licenses for in-state terminal distributors.
- Requires all licensed drug distributors to have a responsible person designated and available at all times, to notify the Board of the person designation, and to pay a fee of $15 to make a change.
- Increases the fees for issuing and renewing registration for pharmacy technicians.

Instruments to reduce drug poisoning

- Expands, beyond fentanyl testing strips, the items that may be lawfully possessed and used to test for the presence of drugs and to prevent drug poisoning, without being considered in violation of the prohibition against drug paraphernalia.
- Requires the Board to adopt rules for approving additional types of instruments that may be possessed and used because they demonstrate efficacy in reducing drug poisoning by determining the presence of specific compounds.

Regulation of retail and wholesale drug distributors

Nonresident operations – licensure and fees

(R.C. 4729.52, 4729.54, and 4729.551, repealed; conforming changes in R.C. 3719.04, 4729.56, 4729.561, and 4729.60)

The bill expressly requires the State Board of Pharmacy to license out-of-state business operations involved in the retail and wholesale drug supply chain: terminal distributors, wholesale distributors, outsourcing facilities, third-party logistics providers, repackagers, and manufacturers. The bill's requirement replaces existing provisions that indirectly require or only authorize the Board to license out-of-state operations.

The bill designates the licenses that are issued to out-of-state operations as "nonresident licenses," which corresponds with existing Board rules addressing out-of-state licensure of terminal distributors.[99] For the remaining types of drug distributors, the bill requires the nonresident license that is issued to include an appropriate subcategory designation, based on the type of business involved: wholesale distributor of dangerous drugs, outsourcing facility,

[99] See O.A.C. Chapter 4729:5-8.

third-party logistics provider, repackager of dangerous drugs, or manufacturer of dangerous drugs.

For a terminal distributor, the fee for issuing or renewing a nonresident license is $500. For the remaining types of drug distributors, the fee for issuing or renewing a nonresident license is $2,000.

Procedures for issuing and renewing a nonresident license are the same as those that the Board uses for licensing in-state operations. Where necessary, the bill makes distinctions between provisions that apply differently to in-state or out-of-state operations.

For terminal distributors, the bill clarifies that the Board's general confidentiality requirements apply when investigatory information is received through agreements with other regulatory agencies. This requirement currently exists under agreements involving investigations of the remaining types of drug distributors.

In-state terminal distributor fees

(R.C. 4729.54)

Regarding the various categories of terminal distributor licenses that the Board issues to in-state operations, the bill increases the fees for initial and renewed licenses as follows:

- $360 (from $320) for a Category II license, including a limited license. (Category II excludes controlled substances.)
- $460 (from $440) for a Category III license, including a limited license and a pain management clinic license. (Category III includes controlled substances.)
- $160 (from $120) for a terminal distributor license that must be obtained by an entity that typically is exempt from licensure, except for that fact that it possesses controlled substances, compounded drugs, or drugs used in compounding.[100]
- $160 (from $120) for a terminal distributor license obtained by a veterinary practice.
- $160 (from $120) for a terminal distributor license obtained by an emergency medical service organization satellite.

Responsible person

(R.C. 4729.52 and 4729.54; conforming changes in R.C. 4729.53 and 4729.80)

The bill requires each type of drug distributor licensed by the Board, both in-state and out-of-state, to designate a person to serve for the licensed location as its responsible person. To qualify, a person must meet the requirements established by the Board in rules. There must be a responsible person available at all times. Along with the license holder, the designated person accepts responsibility for the operation of the licensed location in accordance with state and federal laws and rules.

[100] See R.C. 4729.541.

Each licensed drug distributor must notify the Board of the designated responsible person and any subsequent change that is made. Notice is to be provided in accordance with Board rules. For any change of responsible person, the Board must assess a fee of $15.

To correspond with the statutory requirement to designate a responsible person, the bill modifies provisions of existing law that indirectly acknowledge that the Board has adopted rules establishing a responsible person requirement.[101]

Pharmacy technicians

(R.C. 4729.901, 4729.902, and 4729.921)

Regarding the Board's current regulation of pharmacy technicians in their various categories, the bill increases the fees that are charged as follows:

- $65 (from $50) for initial registration as a registered pharmacy technician or certified pharmacy technician;
- $130 (from $50) for the renewal of registration as a registered pharmacy technician or certified pharmacy technician. (By Board rule, the registration period is two years, but the statutory fee is expressed as a per year amount.[102])
- $40 (from $25) for registration as a pharmacy technician trainee. (By Board rule, a trainee's registration is valid for 18 months, which the bill reflects by adjusting the existing one-year statutory minimum accordingly.[103])

Instruments to reduce drug poisoning

(R.C. 4729.261 (primary) and 2925.14)

The bill expands the types of items that a person may possess and use to test for the presence of drugs, and thereby prevent drug poisoning, without being guilty of the crime of illegal use or possession of drug paraphernalia. As part of its expansion, the bill maintains the exemption that currently applies only to fentanyl testing strips, and it extends the exemption to other items if they have been approved by the Board.

For purposes of the bill, the Board must adopt rules establishing standards and procedures for its approval of types of instruments that demonstrate efficacy in reducing drug poisoning by determining the presence of a specific compound or group of compounds. The Board is not permitted to approve any type of instrument to the extent that it is intended to measure the purity of a mixture.

[101] See O.A.C. 4729:5-2-01 and 4729:6-2-01.

[102] O.A.C. 4729:3-2-03.

[103] O.A.C. 4729:3-2-01(D).

OFFICE OF PUBLIC DEFENDER

Outside counsel in revocation hearings

- Allows the Ohio Public Defender (OPD) to contract with private counsel to provide legal representation in parole, probation, community control, and post-release control revocation matters when the Public Defender does not have capacity to handle a matter.

Northwest Regional Hub pilot program

- Creates the Northwest Regional Hub pilot program.

Indigent defense cost projection report

- Requires that each county submit a biannual indigent defense cost projection report to OPD with data on the most current projected costs of the indigent defense services in the county for the next two upcoming fiscal years.

Outside counsel in revocation hearings

(R.C. 120.06 and 120.08)

The bill allows the Ohio Public Defender (OPD) to contract with private counsel to provide legal representation in parole, probation, community control, and post-release control revocation matters when OPD determines it does not have the capacity to provide legal representation. When OPD contracts with private counsel under this provision, OPD must directly pay private counsel's fees and expenses from the Indigent Defense Support Fund. Continuing law requires OPD to provide legal representation in revocation matters involving parole, probation, community control, or post-release control where the alleged violator does not have financial capacity to retain counsel.

Northwest Regional Hub pilot program

(Section 371.30)

The bill creates the Northwest Regional Hub pilot program to allow Allen, Hardin, and Putnam counties to opt in to a system that places responsibility for the counties' indigent defense with OPD. Under the pilot program, in FY 2026 and FY 2027, OPD must establish the program to provide indigent defense services for those counties that elect to join, in lieu of those counties managing those services directly and applying for reimbursement.

Opting in

If a pilot county elects to participate in the program, the county must pass a resolution to become part of the Northwest Regional Hub, thereby transferring administration of the counties' indigent defense system to OPD for the period of the pilot program. If a pilot county opts in, OPD must assume responsibility for representation of indigent persons in those counties, except to the extent where the court appoints outside counsel.

OPD case load

OPD must consult with the county commissioners, judiciary, and local attorneys in counties that have opted to participate in the pilot program to determine the number of cases the public defender will handle directly. Generally, OPD will provide direct representation to indigent defendants in not more than 80% of cases in a participating county, with the remainder of cases handled by counsel appointed by the court under continuing law. But where OPD, in consultation with county commissioners, judiciary, and local attorneys, determines that there is insufficient local counsel available to fill an appointment, OPD must provide direct representation regardless of the 80% cap.

Transferring employees

When a county transfers indigent defense services to OPD under the pilot program, and the transferring county operates a county public defender office at the time of the transfer, the employees of the transferring county public defender may be transferred to employees of the OPD as the OPD determines to be necessary for successful implementation of the program, to the extent possible, with no loss of service credit.

Withdrawing from the pilot

A county that wishes to withdraw from the pilot program and resume responsibility for the delivery of indigent defense services must provide OPD with a copy of a resolution electing to withdraw and must hold a public meeting regarding the withdrawal, providing notice at least seven days before the meeting to the local bar association, every judge serving in the county, the county prosecutor, the county public defender, and every attorney who is on the court's roster for appointment to provide indigent defense under continuing law.

Indigent defense cost projection report

(Section 371.20)

The bill requires each county, through its county commission, to submit a biannual indigent defense cost projection report to OPD. The report must be submitted on or before July 31, 2026, and must contain data on the most current projected costs of the indigent defense services in the county for the next two upcoming state fiscal years at the time of submission.

DEPARTMENT OF PUBLIC SAFETY

Motor vehicle registration and title

Additional motor vehicle registration and renewal fees

- Beginning January 1, 2026, increases the additional annual motor vehicle registration and renewal fees from $11 to $21 for noncommercial vehicles and from $30 to $40 for nonapportioned commercial vehicles.

Disabled veterans: registration transfer fee exemption

- Exempts a disabled veteran from the $1 transfer fee that generally applies when a person transfers a registration and license plate from one vehicle to another if the license plate is:
  - A license plate honoring military service or a military award; or
  - A disabled veteran license plate.

Certificate of title fee increase

- Beginning January 1, 2026, raises from $15 to $18 the general certificate of title fee required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles.
- Allocates the $3 increase to the Security, Investigations, and Policing Fund, which is used by the Ohio State Highway Patrol for certain security and investigation operations.

BMV electronic and online transactions

- Authorizes the Registrar of Motor Vehicles and a deputy registrar to accept electronically:
  - Documents that are required to accompany the services and transactions that the Bureau of Motor Vehicles (BMV) conducts electronically or online; and
  - Documents approved by the Registrar for electronic or online submission and acceptance.
- Authorizes a person to apply for an initial motor vehicle registration and a transfer of motor vehicle registration through the online system established by the Registrar, similar to registration renewals under current law.
- Requires the Registrar or deputy registrar to verify and authenticate any associated documents submitted electronically with those registrations.
- Allocates the service fee and postage costs for those online and electronic submissions.

Vehicle registration by telephone

- Eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone.

Financial responsibility statement

- Regarding the proof of financial responsibility statement, provided at the time of motor vehicle registration, does all of the following:
  - Removes the requirement that the person registering the motor vehicle separately sign the statement;
  - Removes the requirement that the person sign a separate form listing the penalties for failure to have proof of financial responsibility; and
  - Removes the requirement that a motor vehicle dealer obtain the separate signatures and forward them to the Registrar when registering the motor vehicle on behalf of a purchaser or lessor of a motor vehicle.

Blackout license plate

- Beginning January 1, 2026, authorizes the BMV to issue "Blackout" license plates, which have a black background with white lettering.
- Specifies that Blackout license plates will not include the phrase "Birthplace of Aviation" or display county identification stickers.
- Requires payment of a $20 Blackout license plate fee and a $10 administrative fee for the purchasing of a Blackout license plate.

Commercial motor vehicle laws

Drug and Alcohol Clearinghouse notifications

- Updates Ohio commercial motor vehicle laws to reflect federal requirements related to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications to the Registrar, as follows:
  - Prohibits a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL) holder from operating a commercial motor vehicle if the holder has violated certain alcohol or controlled substances prohibitions;
  - Prohibits the Registrar from issuing, renewing, or upgrading a CLP or CDL if the Registrar receives notice from DAC of that alcohol or controlled substance violation;
  - Establishes procedures for the Registrar to downgrade or reinstate, as necessary, a CLP or CDL based on notices from DAC.

Limited term commercial driver's license

- Modifies the law governing a CDL issued to a temporary resident to do all of the following:
  - Exclude the license as a form of photo identification for purposes of voting;
  - Make it consistent with the federal REAL ID Act and state law for the issuance of a standard limited term license;

- Clarify that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;
- Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and
- Specifies that the renewal may not take place through the BMV's online service, but must be conducted in person at a deputy registrar agency.

Driver's license and state identification card laws

Medically restricted driver's license

- Eliminates the six-month validity period for a medically restricted driver's license and instead requires the Registrar to determine the validity period.

Ohio credential reprints

- Allows a person to obtain from the BMV up to two reprints of an Ohio credential (e.g., driver's license, CDL, identification card) between initial issuance and renewal of the credential or between renewals.
- Requires payment of a $100 administrative fee for issuance of an expedited credential, in addition to all regular fees, taxes, and mailing costs.

Expedited Ohio credential

- Beginning January 1, 2026, allows the BMV to offer an expedited process for issuing an Ohio credential.

Driver training in schools grant program

- Creates the Driver Training in Schools Grant Program in the Department of Public Safety (DPS), and authorizes the DPS Director to administer the Program and distribute grants to schools to offer driver training courses.

Ignition interlock devices

- Authorizes the Registrar to include a code on a restricted license indicating that the licensee is prohibited from operating a motor vehicle that is not equipped with a certified ignition interlock device.
- Adds two circumstances that constitute an ignition interlock device violation for purposes of extending a driver's license suspension or requiring additional continuous alcohol monitoring for an OVI offender.

Traffic laws

Distracted Driving Law – failure to control a vehicle

- Adds the offense of failure to reasonably control a motor vehicle to the Distracted Driving Law.

Seat belt and child restraint system misuse – primary offense

- Makes failure to wear a properly adjusted seat belt as either the operator or front-seat passenger of an automobile a primary offense, rather than a secondary offense as under current law.
- Makes the failure for all passengers to wear a seat belt in a motor vehicle driven by an operator who has a learner's permit or a probationary driver's license a primary offense, rather than a secondary offense as under current law.
- Makes failure to properly secure a child in the appropriate booster seat or seat belt, according to the child's age, weight, height, and manufacturer's instructions, a primary offense, rather than a secondary offense as under current law.

Objections to DPS orders

- Changes the deadline for an appeal of an order of the Registrar from within 15 days of the "date of service" of the order as in current law to within 15 days of the order's mailing date to the party.
- Changes the deadline for any objection to a report and recommendation of a hearing examiner from within ten days of the "date of service" of the report on the objecting party as in current law to within 15 days of the report's mailing date to the objecting party.

Request for administrative hearing

- Extends, from 10 to 15 days, the time by which a person may request an administrative hearing after a driver's license suspension order is issued by the Registrar for failure to have proof of financial responsibility (i.e., motor vehicle insurance).

Tobacco sales and enforcement agents

- Grants authority to enforcement agents employed by DPS to enforce the law governing the unlawful distribution of cigarettes, other tobacco products, and alternative nicotine products on the premises of a licensed retail dealer of cigarettes or on any other premises where a violation of that law is occurring.

Emergency management assistance compact immunity

- Applies the immunity provisions related to the Emergency Management Assistance Compact, which currently apply only to an employee of a political subdivision rendering aid in another state, to any person deployed to render aid in another state by an emergency management agency, including:
  - A full-time or part-time employee of a nonprofit organization; or
  - A paid or unpaid volunteer or health care worker of a for-profit or nonprofit organization.

Motor vehicle registration and title

Additional motor vehicle registration and renewal fees

(R.C. 4503.10)

The bill increases the additional annual motor vehicle registration and renewal fees beginning on January 1, 2026, as follows:

1. From $11 to $21 for noncommercial vehicles; and

2. From $30 to $40 for nonapportioned commercial vehicles, which are generally intrastate commercial motor vehicles not subject to international registration plan (IRP) requirements.

Under current law, a motor vehicle owner must pay several different fees at the time of registration. The fees listed above involve one component of the overall cost of registering a motor vehicle, and are used to defray the Department of Public Safety's (DPS) costs associated with the administration and enforcement of Ohio Motor Vehicle and Traffic Laws.

Disabled veterans: registration transfer fee exemption

(R.C. 4503.29 and 4503.41)

The bill exempts a disabled veteran from the $1 transfer fee that generally applies when a person transfers a registration and license plate from one vehicle to another if the license plate is either a license plate honoring military service or a military award or the "Disabled Veteran" license plate.

Under current law, a disabled veteran with a service-connected disability rated at 100% by the federal Veterans' Administration may register the veteran's personal vehicle and obtain a "Disabled Veteran" license plate. Further, the disabled veteran may register their vehicle and obtain specified license plates honoring military service or military awards. In both instances, the disabled veteran is exempt from all fees associated with vehicle registration and license plates, except the transfer fee referenced above.[104]

Certificate of title fee increase

(R.C. 4505.09 and 4519.59)

Beginning January 1, 2026, the bill raises from $15 to $18 the general certificate of title fee that is required to title most motor vehicles, all-purpose vehicles, and off-highway motorcycles. The additional $3 is then allocated to the Security, Investigations, and Policing Fund. That fund is used by the Ohio State Highway Patrol to pay the costs of providing security for the Governor, other officials and dignitaries; undertaking major criminal investigations that involve state property interests; providing traffic control and security for the Ohio Expositions Commission; and performing nonhighway-related duties at the Ohio State Fair.[105]

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[104] R.C. 4503.12, not in the bill.

[105] R.C. 4501.11, not in the bill.

BMV electronic and online transactions

(R.C. 4501.027 and 4503.102)

Under current law, the Registrar of Motor Vehicles may conduct, or allow a deputy registrar to conduct, any service or transaction provided by the Bureau of Motor Vehicles (BMV) in an electronic or an online format rather than in person. Initially, BMV's online services involved motor vehicle registration renewals. In recent years, the online services have expanded to include taking the driver's knowledge tests, updating a residential or mailing address, scheduling driving skills tests, and renewing a driver's license or identification card.

The bill further expands the BMV's options for electronic and online transactions by authorizing the Registrar and deputy registrars to accept electronically both:

- The documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
- The documents approved by the Registrar for electronic or online submission and acceptance.

The expansion allows certain services and transactions that require document authentication (e.g., initial motor vehicle registration) to be conducted online or electronically.

Online initial and transfer of motor vehicle registration

Relatedly, the bill authorizes a person to apply for an initial motor vehicle registration or a transfer of a motor vehicle registration through the BMV's online system. As stated above, a person may use the online system for motor vehicle registration renewal, but under current law, initial and transfer registrations must be conducted in person at a deputy registrar agency. The initial and transfer registrations transactions typically involve additional document verifications (e.g., checks of a certificate of title or memorandum of title) that have made it necessary for the transaction to occur in person. However, with the authorization for electronic and online submission of documents, the transactions can also occur through the BMV online system.

The bill requires the Registrar or a deputy registrar to verify and authenticate the associated documents for the initial or transfer registration that are submitted electronically. An applicant who uses the online system will still need to pay the regular costs and fees, including the service fee, postage costs, and any financial transaction device surcharges (i.e., credit card fees). Accordingly, the bill allocates the $5 deputy registrar or BMV service fee to whoever verifies and authenticates the documents and allocates the postage costs to whoever mails the certificate of registration and any associated license plates to the applicant.

Vehicle registration by phone

(R.C. 4503.102)

The bill eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone. The bill retains the requirement that motor vehicle registrations may be renewed by mail or electronic means.

Financial responsibility statement

(R.C. 4503.20)

Under current law, an application for motor vehicle registration must contain a statement that acknowledges Ohio's proof of financial responsibility (e.g., auto insurance) laws. The statement must summarize those laws, explain the penalties for violating them, warn that a driver may still be involved in an accident with a person who is not properly insured, and swear that the applicant maintains (or has maintained on behalf of the applicant) proof of financial responsibility with respect to the motor vehicle being registered. Currently, an applicant must sign the financial responsibility statement, sign a separate form relating directly to the penalties for failing to have proof of financial responsibility, and sign the general application for the Registrar or a deputy registrar to accept the motor vehicle registration.

The bill removes the separate signature requirements for the financial responsibility statement and the form listing the penalties. While an applicant for registration will still need to sign the general application, that signature will serve as acknowledgement of the proof of financial responsibility requirements. Relatedly, the bill removes the requirement that a motor vehicle dealer obtain separate signatures to forward to the Registrar when registering a motor vehicle on behalf of a purchaser or lessor of that motor vehicle.

Blackout license plate

(R.C. 4503.511)

The bill creates the "Blackout" license plate, which has a black background with white lettering. The plate will not include the phrase "Birthplace of Aviation" or display county identification stickers, both of which are required for standard license plates. Beginning January 1, 2026, a Blackout license plate can be purchased for a passenger car, noncommercial motor vehicle, recreational vehicle, or other vehicle of a class approved by the Registrar. The fee for the plate is $20 plus an additional $10 BMV administrative fee, both of which must be deposited into the Public Safety – Highway Purposes Fund.

Commercial motor vehicle laws

Drug and Alcohol Clearinghouse notifications

(R.C. 4506.01, 4506.05, 4506.07, and 4506.13)

The bill updates the Ohio Commercial Motor Vehicle Laws to reflect recent changes to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications that are sent to the Registrar. Specifically, effective as of November 18, 2024, states must request information from DAC about individuals applying for, renewing, or attempting to upgrade a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL). If in response to the request, DAC notifies the Registrar that the applicant is prohibited from operating a commercial motor vehicle because of a violation of certain alcohol

or controlled substances prohibitions, the Registrar is prohibited from issuing, renewing, or upgrading that CLP or CDL.[106]

Under current federal law and under the bill, a CLP or CDL holder is prohibited from operating a commercial motor vehicle if the holder has violated the federal alcohol or controlled substance prohibitions. The prohibitions relate to using alcohol or prohibited controlled substances before reporting for work, during work, or for a specified time after a motor vehicle accident. Work encompasses both the active driving of a commercial motor vehicle or performing safety-sensitive functions (e.g., inspecting equipment, waiting to be dispatched, loading or unloading a vehicle, or repairing a vehicle).[107]

In addition to the active checks at issuance, renewal, and upgrade, if the Registrar receives a notification from DAC that a current CLP or CDL holder has violated the alcohol and controlled substances prohibitions, the Registrar must take steps to downgrade the holder's CLP or CDL within 60 days of the notice. The bill establishes those downgrade procedures.

Specifically, the Registrar must initiate downgrade procedures within ten calendar days after receiving the notice from DAC. The Registrar must notify the subject CLP or CDL holder that the holder's permit or license will be downgraded if that holder does not resolve the prohibition within 30 days. Resolution of the prohibition involves following federal procedures with a Substance Abuse Professional for evaluation, referral, and education/treatment.[108] If the holder does not resolve the prohibition, the Registrar must:

- Downgrade the CLP or CDL, meaning that while the person may operate a standard motor vehicle, the person is prohibited from operating a commercial motor vehicle;
- Send a second notice to the holder informing the holder of the downgrade and that the holder must take the steps necessary to reinstate the commercial driving privileges; and
- Record the downgrade on the person's Commercial Driver's License Information System (CDLIS) driver record.

Similar to the downgrade procedures, the bill also establishes reinstatement procedures that apply when DAC informs the Registrar that a CLP or CDL holder is no longer prohibited from operating a commercial motor vehicle. Specifically:

- If the Registrar receives the notice before the holder's permit or license has been downgraded, the Registrar must terminate the downgrade process and notify the holder of the termination;
- If the Registrar receives the notice after the downgrade, the Registrar must reinstate the CLP or CDL, provided the person is otherwise eligible for reinstatement and commercial driving privileges;

[106] 49 C.F.R. 383.73

[107] 49 C.F.R. 382, subpart B.

[108] 49 C.F.R. 40, subpart O, as referenced in 49 C.F.R. 382.503.

- If the Registrar receives notice that the holder was erroneously identified by DAC, in addition to reinstating the permit or license, the Registrar must remove any record of the downgrade from the person's CDLIS driver record and motor vehicle driving record.

Limited term commercial driver's license

(R.C. 3501.01, 4506.14, 4507.061, and 4507.09)

The bill modifies the law governing a CDL issued to a temporary resident to make it consistent with current law governing the standard limited term license and limited term identification card issued to temporary residents. Temporary residents generally are persons who are not U.S. citizens or permanent residents but *have legal presence* to reside in the U.S. under federal immigration laws. The changes ensure that these CDLs conform to the federal REAL ID Act.[109] Consistent with that Act and current state law for the limited term license, the bill does the following:

1. Renames the "nonrenewable commercial driver's license" to a "limited term commercial driver's license";

2. Excludes the limited term CDL as a form of photo identification for purposes of voting;

3. Clarifies that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;

4. Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and

5. Requires the renewal of the limited term CDL to be conducted in person at a deputy registrar agency, rather than through the BMV's online service.

Driver's license laws

Medically restricted driver's license

(R.C. 4507.08)

The bill eliminates the six-month validity period for a medically restricted temporary instruction permit or driver's license. Instead, it specifies that the Registrar must determine the validity period of that license. The Registrar may issue a restricted license to a person who is subject to any condition that causes episodic impairment of consciousness or loss of muscular control if that person presents a statement from a licensed physician that the person's condition is dormant or under effective medical control.

[109] "Real ID Act," 49 U.S.C. 30301, *et seq*., 6 C.F.R. Part 37.

Ohio credential reprints

(R.C. 4507.40)

The bill allows a person to obtain from the BMV up to two reprints of an Ohio credential between initial issuance and renewal or between renewals. Current law limits individuals to one reprint during those time periods. Reprinted credentials are generally issued when a credential is lost, destroyed, or mutilated.

Under current law, "Ohio credential" is a temporary instruction permit identification card, driver's license, CDL, motorcycle operator's license, motorized bicycle license, or state identification card issued by the BMV.

Expedited Ohio credential

(R.C. 4507.41)

Beginning January 1, 2026, the bill allows a current holder of a valid Ohio credential to receive it via an expedited process. To receive an expedited Ohio credential, a person must pay a $100 administrative fee in addition to all regular fees, taxes, and mailing costs. The Registrar must determine the mailing costs and the manner by which an Ohio credential is mailed. The $100 fee and mailing costs must be deposited into the Public Safety – Highway Purposes Fund. The Registrar may adopt rules for purposes of implementing the expedited credential program.

Driver training in schools grant program

(R.C. 4508.023)

The bill creates the Driver Training in Schools Grant Program in DPS and requires the DPS Director to administer the Program. The Director must distribute grants to schools so that those schools may provide driver training courses approved by the Director. The bill clarifies that a school remains eligible as a grant recipient even if that school provides its own driver training course or contracts with a third party to provide a driver training course. Under the bill, a school includes all the following:

- A city, local, exempted village, and joint vocational school district;
- A community school;
- A science, technology, engineering, and mathematics school;
- A chartered nonpublic school; and
- An educational service center, on behalf of a school or district.

Ignition interlock devices

(R.C. 4510.01, 4510.022, 4510.13, 4510.17, and 4510.46)

Restricted license

The bill makes two changes to the laws governing ignition interlock devices. First, it authorizes the Registrar to include a code on a restricted license indicating that the licensee is prohibited from operating a motor vehicle that is not equipped with a certified ignition interlock

device. Under current law, the restricted driver's license issued to an OVI offender for limited driving privileges with an ignition interlock device must have a statement printed on the license indicating the licensee's driving restriction. Other forms of driving restrictions are indicated by a letter code (e.g., for corrective lenses, daylight hours only, type of vehicle, etc.). Thus, the bill creates a similar authorization for a letter code for ignition interlock device restrictions.

Violations

Second, the bill adds two circumstances that constitute an ignition interlock device violation for purposes of extending a driver's license suspension or requiring additional continuous alcohol monitoring for an OVI offender. Namely, those circumstances are when:

1. The ignition interlock device detects the presence of alcohol in the offender's breath in a concentration above the preset level during operation of the vehicle, but after the device allowed the vehicle to start; and

2. The driver fails to provide a deep-lung breath sample or similar method sample in the amount of time required by the device during operation of the vehicle, but after the device allowed the vehicle to start.

Current ignition interlock devices are technologically capable of measuring the concentration by weight of alcohol in the breath of a driver before starting the motor vehicle's ignition system and after the motor vehicle has been started and during its operation. The secondary checks during a motor vehicle's operation ensure that another person who is sober did not provide the breath sample to start the motor vehicle for an impaired driver. Under current law, an ignition interlock device violation constitutes either tampering with or circumventing the device or providing a deep-lung breath sample or similar method sample that indicates a concentration that is sufficient to prevent the motor vehicle from starting. Thus, it does not currently include instances where a breath sample is necessary after the motor vehicle has been started.

Under current law, unchanged by the bill, ignition interlock device violations may result in the court ordering the offender to wear a device that provides continuous alcohol monitoring and the court extending the offender's driver's license suspension.

Traffic laws

Distracted Driving Law – failure to control a vehicle

(R.C. 4511.202 and 4511.911)

The bill adds the offense of failure to control a motor vehicle to the Distracted Driving Law. As a result, an offender may be found guilty of distracted driving if driving distracted was a contributing factor to the underlying offense of failing to reasonably control a motor vehicle. Failing to reasonably control a motor vehicle is a minor misdemeanor, which carries a fine of up to $150. Under the bill, if a motor vehicle operator commits the offense while distracted, the operator is subject to an additional fine of up to $100.

Seat belt and child restraint system misuse

(R.C. 4507.05, 4507.071, 4511.043, 4511.81, and 4513.263; conforming changes in R.C. 307.515, 733.40, 2152.21, 4501.11, 4513.35, and 5503.04)

The bill makes a violation of Ohio's seat belt laws a primary offense, rather than a secondary offense as under current law. A primary offense means that a law enforcement officer may issue a ticket for the offense solely for a violation of that offense. When an offense is a secondary offense, the law enforcement officer may only stop a driver if the driver is actively committing a primary offense at the same time as the secondary offense. Thus, under current law, if a driver is speeding and not wearing a seatbelt, an officer can cite the driver for both offenses. However, if a driver is driving legally and not wearing a seatbelt, the officer has no cause to cite the driver even though the driver is violating the seat belt law.

Under current law and the bill, the general prohibitions related to seat belts are the same. Namely, a person may not do any of the following:

1. Operate an automobile or school bus on any street or highway without wearing a seat belt;

2. Operate an automobile on any street or highway without ensuring that any front-seat passenger is wearing a seat belt;

3. Occupy the front seat of an automobile being operated on any street or highway without wearing a seat belt;

4. Operate a taxicab on any street or highway unless the seat belts are maintained in usable form; or

5. Occupy a motor vehicle driven by an operator who has either a learner's permit or a probationary driver's license without wearing a seat belt.

The bill also makes not using the proper child restraint system, booster seat, or seat belt a primary offense for all children up to age 15. Under current law, improperly securing a child who is less than age four and less than 40 pounds is a primary offense. However, improperly securing a child between the ages of four (and 40 pounds) and 15 (typically by using a booster seat or seat belt) is a secondary offense.

Under continuing law, children must be properly secured in a child restraint system that meets federal motor vehicle safety standards. A person securing a child in a restraint system must do so in accordance with the manufacturer's instructions. Examples of child restraint systems include car seats, booster seats, and seat belts. Which child restraint system is required for each child is based on the child's age, weight, height, the type of vehicle transporting the child, and the manufacturer's instructions for the system.

Objections to DPS orders

(R.C. 119.062)

The bill changes the deadline for an appeal of an order of the Registrar. Currently, the appeal must be made within 15 days of the "date of service" of the order. Under the bill, the appeal must be made within 15 days of the order's mailing date to the party. Generally, a party that is adversely affected by any order of an agency may appeal the order to a court of common pleas. A party must also file a notice of appeal with the agency that issued the order, and that notice must set forth the reasons for the appeal.[110]

The bill also changes the deadline for any objection to a report and recommendation of a hearing examiner. Currently the objection must be made within ten days of the "date of service" of the report on the objecting party. The bill changes this to within 15 days of the report's mailing date to the objecting party. In any adjudication hearing regarding administrative rules and procedure, an agency may appoint a referee or examiner (examiner) to conduct the hearing. The examiner must submit a written report to the agency that presents findings of fact, conclusions of law, and a recommendation of the agency's action.[111]

Request for administrative hearing

(R.C. 4509.101)

Under current law, when the Registrar imposes a driver's license suspension on a person for failure to have proof of financial responsibility, the Registrar is not required to hold a hearing on the suspension in advance of its imposition. However, a person adversely affected by the Registrar's order may request an administrative hearing regarding the suspension. The person must make the request within ten days after the order is issued. The bill extends that time to 15 days to make the timeline consistent with other instances in which a person may request an administrative hearing based on the Registrar's orders.

Tobacco sales and enforcement agents

(R.C. 5502.14)

The bill grants authority to enforcement agents employed by DPS to enforce the law governing the unlawful distribution of cigarettes, other tobacco products, and alternative nicotine products on the premises of a licensed retail dealer of cigarettes or on any other premises where a violation of that law is occurring.

Enforcement agents, under current law, are employed by DPS to enforce the liquor control laws and rules, and laws and rules regulating the use of Supplemental Nutrition Assistance Program (SNAP) benefits. Enforcement agents are also empowered to make arrests for violations of the laws and rules they are tasked with enforcing.

[110] R.C. 119.12, not in the bill.

[111] R.C. 119.09, not in the bill.

Also, DPS is required by existing law to maintain an investigative unit to conduct investigations and other enforcement activity authorized by a number of laws, which includes the unlawful distribution of cigarettes, other tobacco products, and alternative nicotine products law.[112]

Emergency management assistance compact immunity

(R.C. 5502.30)

The bill applies the immunity provisions related to the Emergency Management Assistance Compact, which currently apply only to employees of a political subdivision rendering aid in another state, to any person deployed to render aid in another state by an emergency management agency, including:

- A full-time or part-time employee of a nonprofit organization; or
- A paid or unpaid volunteer or health care worker of a for-profit or nonprofit organization.

In addition to the provisions above, the Emergency Management Assistance Compact, to which Ohio is a member state, includes a specific immunity provision. That provision states that officers or employees of a member state rendering aid in another state pursuant to the Compact are considered agents of the requesting state for tort liability and immunity purposes and generally are not liable for good faith actions taken when rendering aid.[113]

[112] R.C. 5502.13, not in the bill.

[113] R.C. 5502.40, not in the bill.

PUBLIC UTILITIES COMMISSION

Competitive retail electric service state policy

- Modifies the competitive retail electric service (CRES) state policy by:
  - Adding a policy to encourage the development of customer-sited generation; and
  - Expanding the policy of ensuring the availability of an electric utility's transmission and distribution systems so that the customer-generator or owner can market and deliver electricity through power purchase agreements or other contractual agreements.

Net metering systems

- Modifies the definition of "net metering system" to do both of the following:
  - Add a facility that uses green energy that is fully dispatchable as its fuel;
  - Include a facility for a mercantile customer that is located within the certified territory of the electric utility that provides electric service to a mercantile customer.
- Specifies that, for a net metering system for a mercantile customer that is not located on the customer-generator's premises, the customer-generator must be billed as follows:
  - If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the utility during the billing period, the customer-generator is billed for the generation service for the net electricity supplied by the utility;
  - The customer-generator is billed for distribution and transmission service for all electricity it uses according to the rates and charges contained in the utility's tariffs.

Electric light company

- Excludes a facility for the production of electricity that meets the following conditions from being an "electric light company" in the public utilities law:
  - Is located on a customer-generator's premises or, for mercantile customers, is located within the certified territory of the electric utility that provides electric service to the mercantile customer;
  - Operates in parallel with the electric utility's transmission and distribution facilities;
  - Is intended primarily to offset part or all of the customer-generator's or mercantile customer's requirements for electricity.

PUCO final order

- Requires a final order issued by the Public Utilities Commission (PUCO) be affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 150 days of the date a rehearing request was granted.

Customer sited "green energy" resource

- Allows an electric distribution utility to enter into an agreement with a mercantile customer or group of such customers for constructing in Ohio a customer sited "green energy resource" to provide the customer or group with a portion of the customer's or group's electricity requirements (in addition to the customer sited renewable energy resources under ongoing law).
- Limits "green energy resources" to energy generated by using natural gas as a resource or nuclear reaction.

Competitive retail electric service state policy

(R.C. 4928.02)

The bill modifies the existing competitive retail electric service (CRES) state policy by:

- Adding a policy to encourage the development of customer-sited generation; and
- Expanding the current policy of ensuring the availability of an electric utility's transmission and distribution systems so that the customer-generator or owner can market and deliver electricity through power purchase agreements or other contractual agreements.

Other current law state CRES policies include, for example, ensuring the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service, and recognizing the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment.

Net metering systems

(R.C. 4928.01 and 4928.67)

Definition change

The bill modifies the definition of "net metering system" to do the following:

- Add "green energy that is fully dispatchable" to the list of fuels an electrical energy production facility may use to qualify as a net metering system (those existing fuels are: solar, wind, biomass, landfill gas, and hydropower);
- Include, for a mercantile customer, a facility that is located within the certified territory of the electric utility that provides electric service to a mercantile customer, instead of limiting a system's location to a customer-generator's premises.

Current law defines "green energy" to mean any energy generated (including using natural gas as a resource and nuclear reaction) by using an energy resource that does one or more of the following: (1) releases reduced air pollutants, thereby reducing cumulative air emissions, or (2) is more sustainable and reliable relative to some fossil fuels. A "mercantile customer" under continuing law means a commercial or industrial customer if the electricity

consumed is for nonresidential use and the customer consumes more than 700,000 kilowatt hours per year or is part of a national account involving multiple facilities in one or more states. Existing law defines a "customer-generator" as a user of a net metering system.

Calculating electricity for net metering systems

Additionally, regarding the measurement of net electricity supplied or generated through net metering, the bill specifies that, for a mercantile customer net metering system that is not located on the customer's premises, the following apply:

- If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the utility during the billing period, the customer-generator must be billed for the generation service for the net electricity supplied by the utility.
- The customer-generator must be billed for any distribution and transmission service for all electricity it uses, in accordance with normal metering practices, according to the rates and charges contained in the utility's tariffs.

For other net metering systems, current law, unchanged by the bill, requires the customer-generator to be billed for the net electricity supplied by the electric utility in accordance with normal metering practices if the electricity supplied by the utility exceeds the electricity generated by the customer-generator and fed back to the utility during the billing period.

Electric light company

(R.C. 4905.03)

The bill excludes a facility for the production of electricity that meets the following conditions from being an "electric light company" in the public utilities law:

- Is located on a customer-generator's premises or, for mercantile customers, is located within the certified territory of the electric utility that provides electric service to the mercantile customer;
- Operates in parallel with the electric utility's transmission and distribution facilities;
- Is intended primarily to offset part or all of the customer-generator's or mercantile customer's requirements for electricity.

PUCO regulates public utilities, which include electric light companies (companies engaged in the business of supplying electricity for light, heat, or power purposes to Ohio customers). Certain electric light companies, such as electric light companies that operate not-for-profit and municipally owned or operated public utilities, are not regulated.

Further, continuing law grants each "electric supplier" (defined as an electric light company, including nonprofit corporations, but excluding municipal and other local electric service providers) the exclusive right to furnish electric load to all electric load centers located within its PUCO-approved certified territory. Electric suppliers are also prohibited from providing

electric service for electric load centers located within the territory of another electric load center.[114]

By exempting the facilities described above from being an "electric light company" it appears that these facilities would not be subject to PUCO's general oversight of public utilities or the prohibition against providing electric service within an electric supplier's certified territory.

PUCO final order

(R.C. 4903.10)

The bill requires a final order issued by PUCO be affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 150 days of the date a rehearing request was granted.

Under law unchanged by the bill, after PUCO makes an order, any party who has entered an appearance in the proceeding may apply for a rehearing regarding any matter determined in the proceeding. If PUCO, after the rehearing, determines the original order or any part of it is unjust or unwarranted, or should be changed, PUCO may abrogate or modify it; otherwise it must be affirmed.

Customer sited "green energy" resource

(R.C. 4928.47)

The bill modifies ongoing law that allows an electric distribution utility (EDU) to enter into an agreement with a mercantile customer or group of mercantile customers for the purpose of constructing in Ohio a customer sited energy resource that will provide the mercantile customer or group with a material portion of the customer's or group's electricity requirements. Under current law unchanged by the bill, a "mercantile customer" is a commercial or industrial customer if the electricity consumed is for nonresidential use and the customer consumes more than 700,000 kilowatt hours per year or is part of a national account involving multiple facilities in one or more states.

The bill permits a certain type of "green energy resource," in addition to customer sited renewable energy resources, to provide electricity requirements to mercantile customers or groups. The bill specifies that a "green energy resource" is limited to energy described in division (b) of the "green energy" definition in Revised Code section 4928.01(A)(43) of the competitive retail electric service law.

Under the definition of "green energy" effective April 3, 2025, new division (b) of R.C. 4928.01(A)(43), includes energy generated by using natural gas as a resource or nuclear reaction. Applying the new definition to the bill, energy generated by using natural gas or nuclear reaction is a resource that may be used to generate customer sited electricity under the agreements between EDUs and mercantile customers or groups.[115]

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[114] R.C. 4905.02, 4905.04, and 4933.81 to 4933.90, not in the bill.

[115] R.C. 4928.01(A)(19) and (43), not in the bill.

PUBLIC WORKS COMMISSION

State Capital Improvement Program

- Allows a district public works integrating committee to determine how much of its allocation is awarded to political subdivisions in loans and local debt support, rather than setting a defined amount at not more than 10% of the allocation as in current law.
- Updates the type of local debt support available under the State Capital Improvement Program by removing the certain forms of assistance, including a pledge of support for any local bond issue.

State Capital Improvement Program

(R.C. 164.05, 164.06, 164.08, and 164.14)

Current law divides the state into districts for the purpose of allocating funds made available to finance public infrastructure capital improvement projects of local subdivisions under the State Capital Improvement Program (SCIP). Each district is governed by a public works integrating committee. The bill makes two changes to the manner and types of support available to committees to award.

First, the bill allows a district committee to determine how much of its allocation is awarded to political subdivisions in loans and local debt support, rather than setting a cap of 10% as provided in current law.

The bill also updates the type of local debt support available under SCIP by removing the following forms of assistance:

1. A pledge of support for any local bond issue;

2. The payment of all or a part of the premium for bond insurance obtained from a private insurer; and

3. A source of revenue pledged in support of revenue bonds issued by a subdivision.

RACING COMMISSION

Penalty for violating rule or order

- Increases to $50,000 the maximum penalties that the Racing Commission (RAC) or a horse racing steward or judge may impose on a person who violates a RAC order or rule.
- Allows RAC to impose an additional fine in an amount equal to RAC's costs in hearing the matter or in hearing an appeal of a decision of a steward or judge.

Penalty for violating rule or order

(R.C. 3769.03 and 3769.091)

The bill increases to $50,000 the maximum penalty that RAC or a horse racing steward or judge may impose on a person who violates a RAC rule or order. And, the bill allows RAC to impose additional fines in an amount equal to the costs RAC incurs in hearing an enforcement matter.

Under continuing law, RAC may enforce its rules and orders by (1) denying, suspending, or revoking a person's horse racing permit or occupational license, or (2) imposing a monetary fine. The bill increases the maximum fine RAC may impose from $10,000 to $50,000, and allows RAC to impose an additional fine to cover the cost of the hearing. RAC fines are deposited in RAC's operating fund.

Additionally, continuing law allows RAC to delegate its enforcement authority to the stewards and judges who oversee local horse racing meetings. Stewards or judges may suspend a license for up to a year, as long as at least two officials concur in the suspension. A steward or judge also may impose a monetary fine. Any penalty imposed by a steward or judge may be appealed to RAC, and the penalty is stayed until RAC decides on the appeal. The bill increases the maximum fine a steward or judge may impose from $10,000 to $50,000. If the violator appeals the officials' decision to RAC and loses, the bill allows RAC to impose an additional fine in an amount equal to RAC's costs in hearing the appeal.

By allowing RAC to recover its hearing costs, the bill creates an exception to the Administrative Procedure Act (APA) for RAC proceedings. Current law specifies that any RAC action to issue, deny, suspend, or revoke a participant's license is subject to APA hearing procedures. When an alleged violator prevails against an agency in a hearing held under the APA, in some situations, the APA allows the hearing officer to order that the agency pay the prevailing party's attorney fees. But, the APA does not allow an agency to recover its own attorney fees from any party.[116]

The bill does not provide any factors for RAC or a steward or judge to follow in determining whether to impose the increased maximum fine on a violator or whether to require

[116] R.C. 119.092, not in the bill.

the violator to pay RAC's hearing costs. Depending on the circumstances, a court might consider whether the U.S. Constitution limits RAC's ability to take those actions.

The Fourteenth Amendment prohibits an agency from conditioning a person's right to an administrative hearing, or the person's right to appeal a penalty, based on the person's ability to pay the costs.[117] Because the bill does not require RAC to waive the payment of costs if a person is unable to pay, a person facing a RAC hearing might decline to contest a decision, based solely on a concern about being unable to pay. The courts also have held that the Eighth Amendment prohibits an agency from imposing a civil fine on a person when it is "grossly disproportional to the gravity of the [person's] offense."[118] Finally, if fine revenue makes up a substantial portion of an agency's operating funds, courts sometimes find that under the Fourteenth Amendment, the agency has an impermissible conflict of interest when it imposes a fine.[119]

[117] *Burns v. Ohio*, 360 U.S. 252 (1959); *Boddie v. Connecticut*, 401 U.S. 371 (1971); and *State v. Cowan*, 103 Ohio St.3d 144 (2004)

[118] *United States v. Bajakajian*, 524 U.S. 321, 334 (1998). See also *Timbs v. Indiana*, 586 U.S. 146 (2019) and *State v. O'Malley*, 2022-Ohio-3207 (2022).

[119] *Tumey v. Ohio*, 273 U.S. 510, 523 (1927); *Dugan v. Ohio*, 277 U.S. 71 (1928); *Ward v. Monroeville*, 409 U.S. 57 (1972); *Gibson v. Berryhill*, 411 U.S. 564 (1973); *DePiero v. City of Macedonia*, 180 F.3d 770 (6th Cir. 1999); *Cain v. White*, 937 F.3d 446 (5th Cir. 2019); *Caliste v. Cantrell*, 937 F.3d 525 (5th Cir. 2019); *Harper v. Professional Probation Services*, 976 F.3d 1236 (11th Cir. 2020); *McNeil v. Community Probation Services*, 2021 U.S. Dist. LEXIS 20151, Case No. 1:18-CV-00033 (M.D. Tenn. February 3, 2021); and *State v. McGowan*, 2022-Ohio-4124 (6th Dist. Ct. App. 2022).

DEPARTMENT OF REHABILITATION AND CORRECTION

Illegal conveyance of weapon or communications device

- Requires the court to impose a mandatory prison term if a Department of Youth Services (DYS) employee illegally conveys a weapon onto a detention facility.
- Increases the penalty for illegal conveyance of a communications device onto the grounds of a specified governmental facility.
- Specifies that the penalty for illegal conveyance of a communications device onto the grounds of a specified governmental facility is a felony with the imposition of a mandatory prison term, if the offender is an employee of the Department of Rehabilitation and Correction (DRC) or DYS.

Electronic commitment to DRC

- Permits a court of common pleas to enter into an agreement with DRC under which persons may be electronically committed to DRC.
- Specifies that persons sentenced to DRC, or to any institution or place within DRC, must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically for reception, examination, observation, and classification.
- Requires the sheriff to convey the sentenced person to DRC or electronically commit the sentenced person to DRC prior to removal of an individual on an out of jurisdiction detainer.
- Requires an offender to be committed to DRC before post-release control may be imposed.

Illegal conveyance of weapon or communications device

(R.C. 2921.36)

The bill requires the court to impose a mandatory prison term if a DYS employee is guilty of illegal conveyance of a weapon onto the grounds of a detention facility. Under the bill, the penalty for illegal conveyance of a communications device onto the grounds of a specified governmental facility is increased from a first degree misdemeanor to a fifth degree felony, and the penalty for a repeat violation from a fifth degree felony to a third degree felony. The bill also specifies that the penalty for illegal conveyance of a communications device onto the grounds of a specified governmental facility is a third degree felony if the offender is an employee of DRC or DYS and requires the court to impose a mandatory prison term.

Electronic commitment to DRC

(R.C. 2151.311, 2152.26, 2967.28, and 5120.16)

The bill specifies that persons sentenced to DRC, or to any institution or place within DRC, must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically, for reception, examination, observation, and classification. Prior to removal of an individual on an out of jurisdiction detainer, the sheriff must convey the sentenced person to DRC or electronically commit the sentenced person to DRC. A court of common pleas is permitted to enter into an agreement with DRC under which persons may be electronically committed to DRC, and an offender must be committed to DRC before post-release control may be imposed.

The problem that this provision is intended to address is not clear. It may be that the intent of this provision is to address situations in which a person who would normally be incarcerated in a prison has instead served the time sentenced in a local jail, and has therefore not formally been committed to DRC prior to the necessity for post-release control procedures. It is unclear that the language in this provision accomplishes that goal. A clarifying amendment may be desired.

RETIREMENT SYSTEMS

PERS law enforcement and public safety officers

- Includes in the Public Employees Retirement System (PERS) law enforcement and PERS public safety divisions a PERS member who, after the bill's effective date, becomes employed full time as a State Fire Marshal (SFM) law enforcement officer.
- Allows a PERS member who, on the bill's effective date, is employed as an SFM law enforcement officer to elect to participate in the PERS law enforcement or PERS public safety division rather than regular PERS for the member's future service.

Intersystem retirement service credit transfers

- Temporarily allows certain PERS members to transfer or purchase certain service credit from the Ohio Police and Fire Pension Fund (OP&F) even if the member does not have more PERS service credit than the amount of credit to be transferred or purchased.
- Temporarily removes a requirement that a PERS law enforcement officer with OP&F service credit be in the active service of a police or fire department to be eligible to purchase OP&F credit for service under PERS, the State Teachers Retirement System, or School Employees Retirement System or have credit for that service transferred to OP&F.

PERS law enforcement and public safety officers

(R.C. 145.01 and 145.334)

Under continuing law, the Public Employees Retirement System (PERS) has special retirement and benefit provisions for PERS members who are considered law enforcement officers or public safety officers. PERS law enforcement officers are officers whose primary duties are to preserve the peace, protect life and property, and enforce Ohio law. PERS public safety officers are officers who are in law enforcement but whose primary duties are other than to preserve the peace, protect life and property, and enforce Ohio law. Both groups include certain deputy sheriffs, township police officers, and university police officers.

The bill includes in the PERS law enforcement division and PERS public safety division a PERS member who is a state fire marshal law enforcement officer (SFM-LEO). An SFM-LEO is a PERS member who is employed full time by the Fire and Explosion Investigation Bureau created by the State Fire Marshal (SFM) and to whom both of the following apply:

- The SFM has appointed the member as an assistant fire marshal and designated the member to act as a law enforcement officer (1) for purposes of investigating the cause, origin, and circumstances of fires and explosions in Ohio and arresting, or causing a person to be arrested, and charging a person with arson or a similar offense as a result of an investigation and (2) to enforce criminal prohibitions relating to fire safety and fireworks;

- The SFM has appointed the member as an SFM-LEO and the member has received a certificate attesting to the member's satisfactory completion of the peace officer basic training program for arrest power purposes.[120]

A member's participation in the PERS law enforcement or PERS public safety division as an SFM-LEO depends on when the member began employment as an SFM-LEO in relation to the provision's effective date. A member who starts employment as an SFM-LEO after the provision's effective date is automatically included in the PERS law enforcement or PERS public safety division.

A member who, on the provision's effective date, is employed as an SFM-LEO may elect to participate in the PERS law enforcement or PERS public safety division rather than regular PERS. To make an election, a member must notify PERS on a form provided by the PERS Board, and PERS must receive the notice not later than 90 days after the provision's effective date. The election, once made, is irrevocable and causes the member to be considered a PERS law enforcement officer or PERS public safety officer for future SFM-LEO service. Any service credit the member earned before the first day of the first month following the system's receipt of the election will be treated as regular PERS credit. Service credit earned on or after that date will be considered credit as a PERS law enforcement officer or PERS public safety officer.

A member who is employed as an SFM-LEO on the provision's effective date and is close to retirement may find it more advantageous to remain in regular PERS than make the election described above. This is because, in determining eligibility for retirement under the law enforcement and public safety provisions, typically only law enforcement or public safety service credit is considered. A member with both regular service credit and law enforcement or public safety credit can retire under regular PERS but receives no additional benefit for the higher contributions made for law enforcement or public safety service.[121]

Intersystem service credit transfers

(Section 701.20)

PERS – purchase or transfer of credit from OP&F

Continuing law allows a PERS member who contributed to the Ohio Police and Fire Pension Fund (OP&F) to have OP&F contributions and service credit transferred to PERS. Similarly, if the member received a refund of OP&F contributions, the member may purchase PERS service credit for service under OP&F.

[120] By reference to R.C. 109.71, 109.77, 2935.01, 2935.03, 3737.01, and 3737.22, not in the bill, and R.C. Chapters 3737 and 3743.

[121] R.C. 145.32, 145.33, and 145.332, not in the bill, and see Law Enforcement/Public Safety Officers (PDF), which may be accessed by conducting a keyword "law enforcement" search on the Public Employees Retirement System (PERS) website: opers.org.

The bill temporarily allows a PERS member to obtain credit without meeting the requirement that the member have more PERS service credit than the amount of credit to be transferred for one of the following:

- If the member, on the provision's effective date, is a PERS law enforcement officer or PERS public safety officer, service for which the member contributed to OP&F as a member of a police department;
- If the member was a PERS member who, on May 4, 1992, was employed as a firefighter in a position requiring firefighter training and elected to remain in PERS as a firefighter, service for which the member contributed to OP&F as a member of a fire department.

Thus, to purchase the service credit or have contributions and service credit transferred, continuing law requires the member to:

- Be eligible, or with the credit be eligible, for a retirement or disability benefit; and
- Agree to retire or accept a disability benefit not later than 90 days after receiving notice from PERS that the credit has been obtained.

To obtain the service credit, the bill requires the member to apply to PERS not later than 90 days after the provision's effective date. A PERS member is ineligible to obtain the service credit if the member is eligible to obtain service credit under OP&F as described below.[122]

OP&F – purchase or transfer of credit from PERS, STRS, or SERS

Continuing law allows an OP&F member who has contributed to PERS, the State Teachers Retirement System (STRS), or School Employees Retirement System (SERS) to have contributions and service credit transferred to OP&F. Similarly, if the member received a refund of contributions from one of those systems, the member may purchase OP&F service credit for service under that system. An OP&F member also may transfer or purchase certain PERS, STRS, or SERS service credit that was originally purchased or obtained from OP&F or the State Highway Patrol Retirement System before the member began employment with an OP&F-covered employer. An OP&F member who elects to transfer or purchase this service credit must be in the active service of a police or fire department.

The bill temporarily allows an OP&F member to obtain this service credit without being in the active service of a police or fire department if the member is:

- A PERS law enforcement officer on the provision's effective date; and
- Eligible, or with the credit will be eligible, to retire under OP&F.

To obtain the service credit, the member must apply to OP&F not later than 90 days after the provision's effective date.

The bill revises the amount of employer contributions that must be paid to OP&F to transfer or purchase the credit under the temporary provisions. Under the bill, the amount of

[122] By reference to R.C. 145.013 and 145.295, not in the bill.

employer contributions to be paid or transferred is the applicable OP&F employer contribution. Currently, the amount of employer contributions that must be transferred or paid to OP&F is the lesser of (1) the employer's contributions to PERS, STRS, or SERS or (2) the contributions the employer would have made had the member been in OP&F at the time of service.[123]

[123] By reference to R.C. 742.21, 742.214, 742.33, and 742.34, not in the bill.

DEPARTMENT OF TAXATION

Income tax

- Authorizes a refundable income tax credit of up to $1,000 for each of a taxpayer's dependents under age seven, subject to income qualifications.
- Reduces the income tax withholding rate on lottery, video lottery, sports gaming, and casino winnings from 4% to 3.5%.
- Authorizes a formal mechanism for private retirement plans to withhold income taxes from a retiree's benefits, similar to existing rules for withholding taxes from state retirement benefits.
- Authorizes all retirement plans to withhold school district income taxes.
- Clarifies that income used as the basis for computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming with current administrative practice.
- Establishes a formal income tax withholding "bulk file" program, whereby payroll service companies can file employee income tax withholding returns in bulk on behalf of their employer clients.
- Establishes that administrative provisions related to Ohio's electing pass-through entity tax apply to pass-through entities with investors comprised exclusively of Ohio residents.
- Moves the due date for payment of the second and third estimated tax payments for electing and withholding pass-through entity taxes up by one month.

School district income tax

- Repeals the school district income tax on estates, beginning in 2026.
- Requires boards of education that approve a resolution to place the question of levying a school district income tax on the ballot to send a copy of the resolution to TAX after it has been certified to the county board of elections.
- Requires boards of elections to send a copy of a petition for an election to repeal a school district income tax to TAX after the board determines the petition is valid.

Municipal income tax

- Makes discretionary a penalty, mandatory under current law, charged by TAX for late estimated payments of centrally administered municipal net profit tax.
- Extends, from six to seven months, the municipal net profits tax return extension filing period for taxpayers that do not request a federal income tax extension.

Electric and telephone company municipal income tax

- Requires electric and telephone utility companies to make municipal income tax payments and estimated payments electronically.
- Makes discretionary the current mandatory interest penalty charged for estimated tax underpayments.
- Modifies the discretionary penalty that may be imposed on late estimated payments.
- Requires TAX to automatically grant a filing extension to a company if it has received a federal filing extension and expands the length of the municipal tax extension from six to seven months.
- Requires TAX to grant a seven-month filing date extension in the absence of a federal extension if the company submits a request before the return due date.
- Removes the requirement for a company to include certain information in its annual return to TAX.
- Repeals the requirement for TAX to notify a company that its income apportioned to a municipality will be adjusted in certain circumstances.
- Removes the authority of a notified municipal corporation to challenge the redetermination.

Sales and use tax

- Adjusts the amount of sales tax required to be collected when a nonresident purchases a watercraft or outboard motor in Ohio and intends to remove the property out of state.
- Requires a clerk of court to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of to TAX.
- Requires TAX to consult with DPS on the form of the remittance reports that must accompany the taxes collected.
- Eliminates interest on sales and use tax refunds for payments made pursuant to a direct payment permit, through which a purchaser pays the tax directly to the state instead of to the vendor making the sale.
- Allows TAX to cancel a sales tax vendor's license obtained while another of the vendor's licenses is suspended.
- Modifies sales tax criminal fraud and licensure offenses and penalties by classifying offenses to the closest classified misdemeanors based on their current penalties and applying more severe charges against repeat offenders.

Commercial activity tax

- Provides that a commercial activity tax (CAT) credit for certain net operating losses will remain nonrefundable after 2029, instead of becoming refundable.

- Eliminates two dedicated CAT funds used to make tangible personal property reimbursement payments to local governments, and instead requires that those payments be made directly from the GRF.

Petroleum activity tax

- Explicitly allows TAX to issue an assessment to collect unpaid petroleum activity tax licensing fees.

Cigarette, tobacco, and nicotine taxes

- Increases the cigarette excise tax, from $1.60 per pack to $3.10 per pack.
- Increases the tax on other tobacco-based products to 42% of the wholesale price of such products, from 37% in the case of little cigars and 17% in the case of all other products.
- Increases the tax rate on nicotine-based vapor products, from 10¢ to 20¢ per milliliter (liquid) or gram (nonliquid) of product.
- Expands the vapor products tax to include nicotine-based products that are not consumed through use of an electronic smoking device.
- Modifies the tax discount that cigarette dealers receive as a commission for affixing tax stamps to cigarette packs, from 1.8% of the face value of the stamps to 3¢ per stamp.
- Discontinues, beginning in 2026, the discount of 2.5% of the amount of tax due provided to distributors of tobacco products or vapor products who timely file and pay their excise tax.
- Increases, from a fourth degree to third degree misdemeanor, the penalty for a repeat violation of engaging in cigarette, tobacco product, or vapor product commerce without holding a TAX license.

Marijuana excise tax

- Increases the rate of the excise tax on adult use marijuana from 10% to 20% and levies a 20% excise tax on the illegal sale of marijuana by an unlicensed seller.
- Reallocates revenue from the tax to fund law enforcement training and operations, county jails, public health and safety, expungement costs, and administrative costs.
- Requires TAX, upon the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee.

Sports gaming tax

- Doubles the sports gaming tax rate, from 20% to 40% of sports gaming receipts, beginning July 1, 2025.
- Allocates the increased revenue, i.e., 50% of total collections, to fund the construction of professional sports facilities and promote youth sports education.

- Doubles the amount of sports gaming tax revenue from the existing 20% rate allocated to problem sports gaming (from 2% to 4% of such collections), and proportionally reduces the amount of that share allocated to education funding (from 98% to 96%).

Public utility excise tax

- Applies taxpayer refunds owed for certain public utility excise taxes first to any outstanding state tax debt and any related penalty or interest.

Financial institution tax

- Removes the requirement that TAX post financial institution tax annual report forms on its website.

Insurance premium tax

- Transfers the responsibility of certifying unpaid foreign insurance company premium taxes to the Attorney General for collection from INS to the Treasurer of State.

Replacement tire fee

- Eliminates, beginning in 2026, the 4% discount for wholesale distributors of replacement tires or retail dealers who timely file and pay the replacement tire fee administered by TAX.

Corporation franchise tax

- Removes the requirement that a corporation identify its statutory agent in an annual report filed under the now-defunct corporation franchise tax.

Tax credits

- Authorizes a refundable income tax credit to reimburse 25% of qualified expenditures, up to $120,000 per project, paid by an owner-occupant to rehabilitate historic residential property.
- Caps the amount of credits that may be awarded to $10 million per fiscal year.
- Permanently increases the annual cap on the Ohio historic building preservation tax credit, from $60 million to $120 million per fiscal year.
- Replaces the current two-round application and award process for the film and theater tax credits with a rolling process, eliminating much of the current ranking criteria.
- Modifies reporting requirements for recipients of state-funded low-income housing tax credits and single-family housing development tax credits.

Tax administration

- Grants TAX the general authority to abate penalties charged to taxpayers.
- Allows TAX to refund or forgive penalties and interest charged for failure to pay sufficient estimated state, school district, or certain pass-through entity income taxes.

- Authorizes TAX, without violating the prohibition against divulging personal tax information, to disclose either of the following:
  - The amount of revenue distributed to local governments from any tax or fund administered by TAX.
  - Employer income tax withholding account numbers to permit a current or former employee to prepare the employee's tax return.
- Authorizes TAX to require electronic tax filing and payment without first adopting a rule on the subject.
- Requires taxpayers to provide records for inspection by TAX in an electronic format if the records are kept in such a format.
- Permits TAX to electronically notify, as an alternative to ordinary mail notice, a person applying for a tax refund if the amount to be refunded is less than what the person requested, but only if the person consents to electronic notice.
- Prescribes a process for handling tax notices that are sent by ordinary mail, but returned as undeliverable.
- Removes the requirement that taxpayers submit petitions for reassessment to TAX through personal service or certified mail.
- Modifies the manner by which TAX may serve public utility tangible personal property and excise tax assessments and notices.
- Allows a public utility to submit a 30-day extension request to file a public utility tangible personal property or excise tax report or statement by a manner other than in writing that is approved by TAX.
- Repeals the requirement that TAX adopt a rule defining the term "primarily" for purposes of describing who qualifies for the defunct dealers in intangibles tax.
- Removes TAX from a procedure through which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of energy-efficient building systems.
- Makes various technical corrections to the laws governing state taxation.

Local Government and Public Library Fund

- Permanently increases, from 1.70% to 1.75%, the percentage of most state tax revenue that the Local Government Fund and Public Library Fund each receives monthly.

Income tax

Refundable child tax credit

(R.C. 5747.051, 5747.08, and 5747.98; Section 801.30)

The bill authorizes a refundable income tax credit of up to $1,000 for each of a taxpayer's dependents under age seven. The credit is only available to taxpayers who earn less than a specific income limit – generally, $69,000 for individuals or $94,000 for married taxpayers.

The credit is based on a percentage of the taxpayer's modified adjusted gross income (MAGI). To qualify, a taxpayer must have a MAGI of at least $2,500, but not more than the income limit outlined in the table below. A taxpayer's **modified Ohio adjusted gross income** generally equals the individual's federal adjusted gross income, with some additions or subtractions for Ohio-specific items, but before subtracting Ohio's business income deduction.

The credit is capped at $1,000, and phases-out above specific income thresholds, as outlined in the table below. It is calculated as follows:

- For taxpayers below the phase-out threshold: the lesser of $1,000 or 5% x (the taxpayer's MAGI – $2,500).
- For taxpayers above the phase-out threshold: $1,000 – 5% of (the taxpayer's MAGI, rounded up to the nearest $1,000 – the phase-out threshold).

Filing status	Phase-out threshold	Income limit
Married filing jointly	$75,000	$94,000
Married filing separately	$37,500	$56,500
All other taxpayers	$50,000	$69,000

The effect of these formulas is to allow the full $1,000 credit for taxpayers with a MAGI of $22,500 or more, up to the phase-out threshold. Above the phase-out thresholds, the credit amount decreases as the taxpayer's income increases. For example, an individual taxpayer with a MAGI of $15,000 could claim a credit of $625 per child. An individual with a MAGI of $45,000 could claim the full $1,000 credit. However, an individual with a MAGI of $65,000 could claim only a $250 credit.

The credit is refundable, which means that, if the amount of the credit exceeds the total tax due, the taxpayer will receive a refund of the difference. The credit is allowed for taxable years beginning in and after 2025.

Withholding from gambling winnings

(R.C. 5747.062, 5747.063, and 5747.064; Section 801.120)

Under continuing law, gambling winnings are income subject to the personal income tax. Proprietors such as casino operators, sports gaming proprietors, lottery sales agents, and the

State Lottery Commission are required to withhold an amount of a person's winnings when certain conditions are met, namely winning $600 or more—the amount that triggers an Internal Revenue Service reporting requirement.[124] The withheld amount is remitted to the state, similar to the withholding requirement placed upon employers.

Over the past decade, the General Assembly has enacted a series of reductions to Ohio's income tax rate and tax brackets. The bill reduces the withholding rate on lottery, video lottery, sports gaming, and casino winnings income from 4% to 3.5% to keep pace with these reductions.

Withholding from retirement benefits

(R.C. 5747.071; Section 801.130)

The bill authorizes a formal mechanism for private retirement plans to withhold income taxes from a retiree's benefits. Currently, a withholding tax mechanism exists for benefits paid from state retirement systems (e.g., OPERS and STRS). Private retirement plans may withhold taxes on behalf of its retirees, but there is no formal protocol for them to follow.

The bill's rules for private retirement benefit withholding are similar to those that exist for public retirement benefits. Beginning in 2026, a retiree may request that their retirement plan withhold taxes from the retiree's benefits. Upon receiving such a request, the plan must begin withholding no later than the following year. The plan must file withholding returns with TAX and is subject to penalties and interest for failing to remit withheld taxes. The plan must also provide retirees with an annual statement showing the amount of taxes withheld.

The bill also explicitly allows retirement systems and plans to withhold school district income taxes. Currently, the rules for withholding taxes from public retirement benefits only reference state income taxes.

Resident and nonresident credit computation

(R.C. 5747.05; Section 757.10)

Under continuing law, Ohio residents and nonresidents with income earned in Ohio are subject to Ohio's individual income tax on all income. A resident taxpayer is allowed a "resident" credit for the lesser of income subject to taxation in another state, or the amount of tax paid to another state on that income. If the income is from a state that imposes no tax, a resident receives no credit. A nonresident taxpayer is allowed a "nonresident" credit for all income not earned or received in Ohio.

Also under continuing law, the first $250,000 of business income earned by taxpayers filing single or married filing jointly, and included in federal adjusted gross income, is 100% deductible. For taxpayers who file married filing separately, the first $125,000 of business income included in federal adjusted gross income is 100% deductible.

[124] See 26 U.S.C. § 6041.

The bill clarifies that income used as the basis for computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming the law with current administrative practice.

Withholding tax bulk file program

(R.C. 5747.01(KK) and (LL), 5747.07, and 5747.073; Section 801.150)

The bill establishes a formal income tax withholding "bulk file" program within TAX. Beginning in 2026, payroll service companies may enroll in the program to file employee income tax withholding returns, in bulk, on behalf of their employer clients. TAX currently allows such companies to submit withholding returns through bulk file uploads, but the procedures and requirements for the option are not codified.

Under the program, a payroll service company must register with TAX as a "bulk filer" before filing withholding tax returns on behalf of its clients. TAX will prescribe the program conditions, including standards of conduct and format requirements. TAX must also maintain a list of approved bulk filers on its website.

Bulk filers must file all withholding returns electronically, regardless of the number of clients or returns. Both the bulk filer and the employer may be held liable for unpaid or late taxes. TAX may collect unpaid taxes from a bulk filer, and charge penalties and interest, in the same manner it would against an employer.

Each bulk filer must also file quarterly reports with TAX that identify the company's clients and each client's contact information. In addition, an employer must notify TAX when it engages a bulk filer to submit withholding returns on its behalf. Employers must also maintain their withholding registration with TAX. If a bulk filer's registration is rescinded for any reason, the employer immediately becomes responsible for withholding taxes on behalf of its employees.

Electing pass-through entity taxation

(R.C. 5747.40; Section 757.20)

Under continuing law, Ohio's personal income tax applies to an individual investor's distributive share of a business structured as a pass-through entity (PTE). S.B. 246 of the 134th General Assembly (effective June 2022) levied an income tax directly on PTE income. The tax was optional but was designed to allow a PTE investor to fully deduct state income taxes for federal tax purposes. This is because entity-level taxes may generally be fully deducted, while individual investors could be limited by federal tax if they took the taxes as an itemized deduction.

S.B. 246 not only levied this tax, it created a system to administer the tax nearly identical to the procedures that had already applied to a separate tax – Ohio's withholding tax for a PTE with nonresident investors. Those administrative provisions, now applicable to the electing PTE tax, expressly do not apply to PTEs with exclusively Ohio investors. This limitation made sense before S.B. 246 because those provisions only applied to the nonresident PTE withholding tax. But now, since those provisions apply to the electing PTE tax, that limitation is out of place as PTEs with exclusively Ohio resident investors are eligible for that tax. Thus, the bill scales back that limitation and no longer applies it to the electing PTE tax. This ensures that the administrative provisions can adequately apply to both taxes.

The bill states that this is a clarification of law rather than a change.

Pass-through entity tax estimated payment dates

(R.C. 5747.43; Section 801.90)

Beginning for taxable year 2026, the bill moves the due date for payment of the second and third estimated tax payments for electing and withholding PTE taxes up by one month. This results in those payments generally being due on June 15 and September 15, respectively, aligning the PTE tax payment schedule with the personal income, school district income, and fiduciary income tax payment schedules.

School district income tax

Repeal of school district income tax on estates

(R.C. 5747.021, 5748.01, 5748.02, 5748.021, 5748.03, 5748.04, 5748.08, 5748.081, and 5748.09; Section 801.100)

The bill repeals the school district income tax on estates. Under continuing law, school districts may levy income taxes with voter approval. Currently, state law requires that school districts use one of two tax bases: a "traditional" tax base, which generally applies to an individual's adjusted gross income and to the taxable income of estates, or an "earned income" tax base, which applies only to individuals' wages and self-employment earnings.

Under the bill, beginning in 2026, school district income taxes with a "traditional" tax base may no longer tax estates. (School districts with an "earned income" tax base already do not tax estates.) Currently, similar to the state income tax, taxes with a "traditional" base apply to an estate's income received during the year, such as earnings from investments like stocks, bonds, or rental property. They do not apply to the estate's assets or its net value.

Notices to TAX

(R.C. 5748.02, 5748.021, 5748.04, 5748.08, and 5748.09; Section 801.70)

Under continuing law, when seeking to levy a school district income tax, a district's board of education must adopt a series of resolutions or ordinances to place the levy on the ballot. The first of these must be certified to TAX, which produces estimated rates for the district. Based on those rates, the board may adopt another resolution detailing the proposed levy and certify it to the county board of elections for placement on the ballot. The bill requires the board of education to send a copy of this final resolution to TAX after it has been certified to the board of elections.

Also under continuing law, the repeal of certain school district income taxes may be initiated by a voter petition submitted to the board of elections. The bill requires a board of elections that determines such a petition to be valid to send a copy of it to TAX.

Municipal income tax

Discretionary interest penalty

(R.C. 718.88)

Under continuing law, a business may elect to have TAX serve as the sole administrator of each municipal income tax the business is liable for on the basis of its net profits.[125] Generally, each taxpayer that makes this election must file a declaration of estimated taxes and remit the estimated amounts to TAX four times each year. In the event of an underpayment, TAX must charge the taxpayer an interest penalty on the underpayment under current law. The bill makes this penalty discretionary.

Extension request

(R.C. 718.85)

Under continuing law, a municipal net profit taxpayer who has made the election described above and who has requested an extension for filing their federal income tax return is entitled to an automatic extension of the net profit tax filing deadline from April 15 to November 15. A taxpayer who has not made the federal request may still request that TAX extend their municipal income tax filing deadline, however, TAX may grant only a six-month extension. The bill extends this extension filing period for such taxpayers to seven months, matching the extension period afforded to taxpayers who request a federal income tax extension.

Electric and telephone company municipal income tax

Electric light and local exchange telephone companies having property, payroll, or sales sitused to an Ohio municipal corporation is subject to that municipality's income tax. Unlike municipal income taxes levied on individuals, the utility income taxes are paid to and totally administered by TAX. The bill makes a number of administrative changes related these taxes.

Electronic payments

(R.C. 5745.03(A) and 5745.04(E))

The bill requires companies to remit all municipal income tax payments and estimated payments electronically. Current law only requires electronic payments for payments of $1,000 or more.

Underpayment penalty

(R.C. 5745.09)

The bill makes discretionary the current mandatory interest penalty charged to companies that underpay their estimated payments. The penalty for underpayment equals the

[125] R.C. 718.80, not in the bill.

rate applicable to other state tax delinquencies, i.e., the rounded federal short-term rate plus 3%.[126]

Late payment penalty

(R.C. 5745.08)

The bill modifies the discretionary interest penalty that, under current law, may be imposed on late estimated payments of the tax. Specifically, the bill extends the penalty beyond estimated payments to cover any delinquent municipal utility tax payments. Second, the bill changes the penalty from up to twice the underpayment interest amount described above to a flat 15% of the amount of unpaid tax.

Filing extensions

(R.C. 5745.03(B) and (C))

The bill requires TAX to automatically grant a filing extension to a company if it has been granted a federal filing extension. Under current law, the company must file an application, with a copy of the federal extension request, to receive the municipal extension. The bill further expands the length of that extension from six to seven months.

The bill also requires TAX to grant a seven-month filing date extension without requiring a federal extension if the company submits a request before the return due date.

Required documentation

(R.C. 5745.03(D))

The bill removes the requirement for a company to include in its annual return to TAX statements of the company's:

- Location of incorporation;
- Location of principal office or place of business in Ohio; and
- Officers' and statutory agent's names and addresses.

Income apportionment

(R.C. 5745.13, repealed)

The bill eliminates requirements imposed on TAX to (1) notify a company that its income apportioned to a municipal corporation will be adjusted and (2) notify each affected municipal corporation if the adjustment exceeds $500 in tax.

The bill also eliminates a notified municipal corporation's authority to challenge the redetermination by requesting TAX to make a further review and conduct proceedings in support of the request.

[126] R.C. 5703.47, not in the bill.

Sales and use tax

Nonresident purchases of watercraft

(R.C. 5739.027)

The bill requires that, when a nonresident purchases a watercraft or outboard motor in Ohio and intends to remove the property out of state, the sales tax collected from the transaction must equal 6%. Currently, the purchaser pays the lesser of the tax due (a) in the county of purchase or (b) in the location to which the property will be removed.

The new rate somewhat parallels the tax collected when a motor vehicle is sold to a nonresident. For those transactions, the purchaser pays the lesser of (a) the tax due in the location to which the vehicle will be removed or (b) 6%.

Watercraft and outboard motors tax remittance

(R.C. 1548.06)

Under continuing law, sales and use taxes on the sale of titled watercraft and outboard motors are paid at the time owners receive their title from the appropriate clerk of courts. The bill requires clerks to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of directly to TAX. The bill also requires TAX to consult with DPS on the form of the remittance reports that must accompany the collected taxes. Under current law, TAX is solely responsible for determining the form of the remittance reports.

Interest on direct pay refunds

(R.C. 5739.07; Section 801.160)

The bill eliminates interest on sales and use tax refunds for payments that were made pursuant to a direct payment permit. Those permits allow a purchaser to pay sales and use tax directly to the state instead of to the vendor who makes the sale. Direct payment permits are issued by TAX, upon application, if direct payment of the tax will improve compliance and efficiency or if the purchaser is awarded a sales and use tax exemption for a data center project.[127]

Vendor's license suspensions

(R.C. 5739.31)

Continuing law requires every retail vendor to obtain a vendor's license from TAX or a county auditor and collect and remit state and local sales taxes. TAX may suspend the license of a vendor that repeatedly fails to timely file sales tax returns or remit taxes.[128] A vendor with a suspended vendor's license is prohibited from obtaining another vendor's license from TAX or seemingly the county auditor that issued the suspended license during the suspension period. The bill clarifies that the prohibition on duplicate licenses applies to those obtained from any

[127] R.C. 122.175 and 5739.031, not in the bill.

[128] R.C. 5739.30(B)(2), not in the bill.

county auditor – as opposed to just the auditor that issued the suspended license. The bill also allows TAX to cancel any duplicate vendor's license obtained by a vendor during the suspension period.

Criminal penalties

(R.C. 5739.99)

The bill modifies the criminal penalties for certain sales and use tax offenses. In particular, the bill classifies several offenses, typically to the closest classified misdemeanor or felony based on current penalties:

Offense	Current penalty	Classification and penalty under the bill
Failure to pay or collect sales or use tax, or providing a false tax exemption certificate	Fine between $25-$100 for the first offense; for each subsequent offense, a fine between $100-$500 (corporations) or between $25-$100 and imprisonment of up to 60 days (individuals).	Minor misdemeanor of the first offense (up to $150 fine); for each subsequent offense, a misdemeanor of the third degree (fine of up to $500 or imprisonment of up to 60 days).
Failing to file a sales or use tax return or filing a fraudulent return	Fine between $100-$1,000 or imprisonment of up to 60 days.	Misdemeanor of the third degree.
Making retail sales without a vendor's license	Fine between $25-$100 for the first offense, and a felony of the fourth degree; for each subsequent offense (fine of up to $5,000 or imprisonment of 6-18 months).	Minor misdemeanor for the first offense; misdemeanor of the first degree for the second offense (fine of up to $1,000 or imprisonment of up to 180 days); felony of the fourth degree for each subsequent offense.
Making retail sales as a transient vendor without a license	Fine between $100-$500 or imprisonment of up to 10 days for the first offense; for each subsequent offense, a fine of between $1,000-$2,500 or imprisonment of up to 30 days.	Minor misdemeanor for the first offense; misdemeanor of the fourth degree for each subsequent offense (fine of up to $250 or imprisonment of up to 30 days).
Making retail sales with a suspended license	Felony of the fourth degree.	Misdemeanor of the first degree for the first offense; felony of the fourth degree for each subsequent offense.

Commercial activity tax

Net operating loss tax credit

(R.C. 5751.53 and 5751.98)

The bill modifies a commercial activity tax (CAT) credit for certain net operating losses (NOLs) accrued under the defunct corporation franchise tax. Under continuing law, corporations subject to the CAT may claim the credit for NOLs that accrued under that tax, but that the corporation could not claim when that tax was phased-out for most taxpayers between 2006 and 2010.

Under continuing law, the NOL credit is nonrefundable, so cannot exceed the corporation's tax liability. However, the credit can be carried forward indefinitely, until it is fully used. Current law specifies that any remaining credit will become refundable in 2030. The bill requires, instead, that the credit remain nonrefundable in 2030, with the same unlimited carry-forward as allowed in continuing law.

Elimination of TPP replacement payment funds

(R.C. 5709.93 and 5751.02)

The bill eliminates two separate funds used to reimburse local governments for their revenue loss from the state's repeal of the tax on business tangible personal property (TPP). Currently, revenue from the CAT is credited to the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund as necessary to make those payments.

Under the bill, the reimbursement payments will be made directly from the GRF. Any CAT revenue that is currently credited to the reimbursement funds will, like most CAT revenue, be credited to the GRF. The change does not affect the amount or frequency of any TPP replacement payments.

Petroleum activity tax

Collection of licensing fees

(R.C. 5736.09; Section 757.30)

The bill expressly allows TAX to issue an assessment to collect unpaid petroleum activity tax (PAT) licensing fees. Current law only explicitly allows TAX to issue PAT assessments for unpaid taxes.

The PAT is levied on motor fuel suppliers' gross receipts from fuel sales in the state. As part of the tax, suppliers are required to obtain an annual license. Under the bill, if a supplier fails to pay a license fee, TAX may issue an assessment to collect the fee. The bill allows TAX to issue such assessments beginning on the bill's 90-day effective date and, under the statute of limitations period authorized under continuing law, those assessments may seek to collect fees unpaid during the preceding four years.

Cigarette, tobacco, and nicotine taxes

Cigarette tax increase

(R.C. 5743.02, 5743.025, and 5743.32; Section 801.80(A))

The bill increases the cigarette excise tax, from $1.60 per pack to $3.10 per pack. Under continuing law, the cigarette tax is levied primarily on wholesale dealers of cigarettes, who purchase tax stamps that are affixed to cigarette packs. Revenue from the tax continues to be entirely dedicated to the GRF.

The increase applies beginning on October 1, 2025, including packs of cigarettes in a wholesaler's inventory on that date.

Tobacco product tax increase

(R.C. 5743.01(Q), 5743.51, 5743.62, and 5743.63; Section 801.80(B))

The bill also increases the excise tax on tobacco-based products other than cigarettes, which also funds the GRF. Currently, the tax equals 17% of the product's wholesale price, with an enhanced rate of 37% for little cigars. There is also a limit on the 17% tax on premium cigars, which is adjusted for inflation each year. For FY 2025, that limit is 64¢ per cigar.

Under the bill, the tax rate for all other tobacco products would increase to 42%, beginning on October 1, 2025. The tax limit on premium cigars would also increase accordingly, beginning in 2027, to $1.58 per cigar.

Nicotine product tax increase and expansion

(R.C. 5743.01(S), 5743.51, 5743.62, and 5743.63; Section 801.80(A) and (B))

Since 2019, the state has levied a GRF tax on vapor products, which are products containing nicotine that are used in electronic smoking devices. Currently, the tax equals 10¢ per milliliter or gram of the product, depending on whether the product is liquid or nonliquid. The bill increases this rate to 20¢ per milliliter or gram, beginning on October 1, 2025.

The bill also expands the tax to include products that contain nicotine, but that are not consumed through an electronic smoking device. The expansion does not include any nicotine-based products that are regulated as drugs by the federal Food and Drug Administration, i.e., approved smoking cessation products.

Cigarette tax stamp discount

(R.C. 5743.05; Section 801.80(C))

Under continuing law, cigarette wholesalers receive a tax discount as a commission for affixing tax stamps to cigarette packs. Currently, the discount equals 1.8% of the face value of the stamps. The bill modifies this discount to equal 3¢ per stamp.

Prompt-payment discount

(R.C. 5743.52 and 5743.62; Section 801.140)

Under current law, distributors of tobacco products or vapor products are provided a discount of 2.5% of the amount of excise tax due when the distributor timely files their monthly return and pays their tax liability. The bill discontinues this discount, beginning in 2026.

Criminal penalties

(R.C. 5743.99)

The bill increases the penalty for a repeat violation of engaging in cigarette, tobacco product, or vapor product commerce without holding a TAX license, from a fourth degree to third degree misdemeanor.

Marijuana excise tax

Rate and distribution

(R.C. 3780.02, 3780.03, 3780.10, 3780.18 (repealed), 3780.19 (repealed), 3780.22, 3780.23, 3780.25, 3780.26, and 3780.30; Section 801.60)

Beginning July 1, 2025, the bill increases the rate of the excise tax on adult use marijuana from 10% to 20%. The bill also imposes a 20% excise tax on the illegal sale of marijuana by an unlicensed seller.

The bill repeals allocations of the tax revenue under current law for local governments that host adult use marijuana dispensaries and for the state cannabis social equity and jobs program, which the bill also sunsets. Instead, revenue from the tax is reallocated as follows:

- 25% for grants to fund the construction and renovation of county jails.
- 14% for substance abuse prevention, treatment, and recovery programs and administration of the 9-8-8 suicide prevention and mental health crisis hotline. 25% of the current 10% tax is allocated to similar purposes.
- 14% for training of peace officers and state troopers, up to $40 million per fiscal year.
- 16% for construction and renovation of peace officer training facilities.
- 8% for safe driver programs.
- 5% for local drug task forces, up to $14.25 million per fiscal year.
- 5% temporarily to the Attorney General for administering requests for expungements, up to $14.25 million per fiscal year and only through FY 2030.
- 4% for Ohio investigative unit operations.
- 4% for Ohio poison control programs and laboratory testing.
- 2.5% to fund the costs of TAX and COM in administering the tax and nonmedical marijuana program. 3% of the current 10% tax is dedicated to administrative expenses.

The remaining unallocated 2.5% of receipts and receipts exceeding any of the above limits are directed to the GRF.

Tax information exchange

(R.C. 3780.06)

The bill requires TAX, on the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee. Under current law, COM is only allowed to request this information for applicants seeking a license. This information may include information about tax law violations or resulting penalties.

Sports gaming tax

Rate increase and revenue allocation

(R.C. 5753.021 and 5753.031; Section 801.50)

The bill doubles the sports gaming tax rate, from 20% to 40% of sports gaming receipts, beginning July 1, 2025. Under continuing law, the tax is levied on the "sports gaming receipts" of online and in-person sports gaming businesses, other than those that offer gaming through lottery terminals. A business' sports gaming receipts include the total amount the business receives as wagers, less winnings paid, voided wagers, and beginning in 2027, a portion of the promotional gaming credits wagered by patrons.

The bill allocates the increased revenue, i.e., 50% of total collections, to a newly created Sports Facilities Construction and Sports Education Fund (see "**Major sports facilities and youth sports education funding**," above). The bill also doubles the amount of sports gaming tax revenue from the existing 20% rate allocated to problem sports gaming (from 2% to 4% of such collections), and proportionally reduces the amount of that share allocated to education funding (from 98% to 96%).

Public utility excise tax

Refunds applied to tax debt

(R.C. 5727.42)

Continuing law levies a 6.75% excise tax on the gross receipts of certain public utilities, namely a telegraph, pipe-line, water-works, or water transportation company. Any such utility may request a refund of any amounts it overpays. However, current law bars a refund to a utility that has a delinquent claim for this excise tax.

The bill removes this prohibition and instead requires the refund to first be applied to the outstanding excise tax debt. The bill also allows the refund to be applied to any other outstanding debt for a tax or fee administered by TAX, including related penalties and interest.

The bill's changes results in a mechanism that mirrors tax debt application provisions applicable to other state taxes.[129]

Financial institution tax

Online forms

(R.C. 5726.03)

Under continuing law, each taxpayer subject to the financial institutions tax is required to file a written annual report in a form that TAX may prescribe. TAX, as a matter of practice, requires taxpayers to file the report and pay the tax electronically and not on paper forms, but current law continues to require TAX to post those forms on its website. The bill removes this online posting requirement.

Insurance premium tax

Certification of nonpayment

(R.C. 5729.10)

Under continuing law, a foreign insurance company that fails to pay insurance premium taxes is subject to a collection action upon certification of the delinquency to the Attorney General. The bill requires the Treasurer of State to make this certification, replacing the Superintendent of Insurance's authority to do so under current law.

Replacement tire fee

Eliminate discount

(R.C. 3734.904; Section 801.110)

The bill eliminates, beginning January 1, 2026, the 4% discount for wholesale distributors of replacement tires or retail dealers who timely file and pay the replacement tire fee administered by TAX.

The replacement tire fee is $1 per new tire sold. Revenue from this fee is used to defray the cost of regulating scrap tires, abate accumulations of scrap tires, and fund loans and research grants related to scrap tire recycling.

Corporation franchise tax

Statutory agent

(R.C. 1701.04, 1701.07, and 1703.041)

The bill removes a requirement placed on corporations to include the name and address of the corporation's statutory agent in its annual report filed with TAX under the now-defunct corporation franchise tax. The corporation franchise tax was repealed for most businesses in

[129] E.g., R.C. 5739.072, 5747.12, and 5751.091, not in the bill.

2009 and for financial institutions in 2013, meaning corporations are no longer required to file a report with TAX.

Tax credits

Historic owner-occupied property rehabilitation tax credit

(R.C. 149.312, 149.311, 5747.08, 5747.761, and 5747.98)

The bill authorizes a new, refundable, income tax credit for the rehabilitation of historic owner-occupied residential properties, potentially offsetting the lesser of 25% of qualified rehabilitation expenditures or $120,000. To be considered owner-occupied, the property must either be occupied as the owner's primary residence during the rehabilitation period, or within six months after that period ends.

The new credit largely mirrors the existing historic rehabilitation tax credit and uses many of its definitions, including those for historic building and qualified rehabilitation expenditures. The new credit is also administered with many of the same procedures for application and approval. There are, however, several key differences, aside from the new credit being limited to owner-occupied residential property. Specifically, all the following differences apply:

- The bill's credit has a maximum cumulative fiscal year award of $10 million. The existing historic rehabilitation credit allows up to $60 million in awards per fiscal year, rising to $120 million under the bill.
- The bill's credit's maximum per project award is $120,000. The existing credit's per project award is, generally, $5 million.
- The bill's credit is fully refundable, but the existing credit is only partially refundable with an allowed carry forward for unclaimed amounts.
- The bill's credit is only claimable against the income tax, as opposed to the existing credit, which is claimable against the income tax, financial institutions tax, and insurance company taxes.
- The bill's credit does not require a cost-benefit analysis to determine that a rehabilitation will result in a net revenue gain in the state, nor for DEV to consider the regional distribution, and potential economic impact, of awards throughout the state, as the existing credit does.
- The bill's credit does not require award of a credit to be a major factor in completing or increasing the level of rehabilitation, as the existing credit does.

Historic building rehabilitation tax credit cap

(R.C. 149.311)

The bill permanently increases the annual cap on the Ohio historic building preservation tax credit, from $60 million to $120 million per fiscal year. The cap was previously temporarily increased, by the same amount, for FYs 2023 and 2024.

The Ohio historic preservation tax credit offers owners and long-term lessees of qualifying historically designated buildings state tax credits of up to 25% of qualified rehabilitation expenses, up to $5 million. The tax credit is partially refundable and can be applied against the financial institution, foreign and domestic insurance premium, or income tax.

Film and theater tax credit application review

(R.C. 122.85)

Continuing law provides a refundable, tax credit of 30% on production cast and crew wages plus other eligible in-state spending on producing a motion picture or a Broadway theater production. A producer may apply to receive the credit from DEV, which, in general, may award up to $50 million in credits per fiscal year.

The bill replaces the current process for reviewing and approving applications for these credits, which is executed in two rounds, with a rolling review and award process. The bill also eliminates most of the review criteria that currently apply, requiring ranking based on economic impact and the likelihood a project will help develop a permanent film and theater workforce. The bill retains, however, a requirement that priority be given to awarding the credit to television and miniseries productions due to their long-term nature.

Housing tax credits reporting

(R.C. 175.16 and 175.17)

The bill modifies the reporting requirements for a recipient of a state-funded low-income housing tax credit or a single-family housing development tax credit, which may both be awarded against the domestic or foreign insurance premium tax, financial institutions tax, or income tax. First, the bill makes TAX the sole recipient of required annual reports from taxpayers who are awarded these credits. Under current law, these reports must be delivered to both TAX and INS for the low-income housing tax credits and, for single-family housing development tax credits, OHFA, which must forward them to TAX and INS. Under the bill, TAX must share the submitted reports with INS.

Tax administration

Tax penalty abatement

(R.C. 5703.901, with conforming changes in R.C. 128.99, 718.89, 3734.904, 3734.907, 3769.088, 4305.13, 4305.131, 5703.261, 5703.262, 5703.263, 5726.03, 5726.21, 5727.08, 5727.25, 5727.26, 5727.60, 5727.82, 5727.83, 5727.89, 5728.09, 5728.10, 5733.022, 5733.062, 5735.062, 5735.12, 5735.121, 5736.05, 5739.032, 5739.102, 5739.12, 5739.122, 5739.124, 5739.133, 5741.121, 5741.122, 5743.051, 5743.081, 5743.082, 5743.51, 5743.56, 5745.041, 5745.08, 5747.072, 5747.082, 5747.09, 5747.15, 5743.43(C), 5747.44, 5749.06, 5749.15, 5751.06, 5751.07, and 5753.05; Section 801.40)

The bill grants TAX general authority to abate, that is to refund or forgive, penalties charged to taxpayers. The new authority applies to all penalties, including interest penalties, or other charges TAX imposes to enforce any tax or fee that TAX administers. Alongside the new

grant of authority, the bill eliminates several current and specific grants of authority that allow TAX to abate penalties charged on some of the taxes it administers.

The bill particularly allows TAX to refund or forgive penalties and interest charged for failure to pay sufficient estimated state, school district, or certain PTE income taxes during a taxable year. This authorization applies to taxable years beginning in 2025 or after.

Disclosure of tax information

(R.C. 5703.21)

The bill permits an agent of TAX to publish or disclose the amount of revenue distributed to a political subdivision from any tax or fund administered by TAX.

The bill additionally authorizes disclosure of an employer's state income tax withholding account number for the purpose of allowing a current or former employee to complete the employee's income tax return. TAX may require the employee to provide evidence of current or past employment before making that disclosure.

This disclosure authority is created in exception to the prohibition in continuing law against TAX agent disclosure on taxpayer transactions, property, or business.

Electronic tax filing and payments

(R.C. 5703.059 and 5747.42)

Current law authorizes TAX to require electronic tax filing and payment, but only if it first adopts a rule with those requirements. The bill gives TAX authority to require electronic filing and payment without first adopting rules.

Electronic records inspection

(R.C. 5703.19)

The bill requires taxpayers to provide books, accounts, records, or memoranda in an electronic format at the request of TAX if those records are kept electronically or available in an electronic format. Under continuing law, TAX's employees have the authority to demand to inspect the books, accounts, records, and memoranda of any person subject to Ohio's tax laws.

Tax refund adjustment notices

(R.C. 5703.70)

The bill adds an alternative method for TAX to use to notify a person when the person's requested tax refund is less than requested. Under current law, when TAX determines that the amount of a refund to which an applicant is entitled is less than the amount claimed, TAX must give the applicant notice in writing, sent via ordinary mail. The bill allows the notice to be sent electronically as an alternative, if the person consents to electronic delivery. If the notice is sent electronically, it must be sent to the person or the person's authorized representative through secure electronic means associated with the person's or representative's last known email address.

Undeliverable tax notices

(R.C. 5703.37)

The bill prescribes a process for handling tax notices that are sent by ordinary mail, but that are returned as undeliverable. The process mirrors an existing process for undeliverable tax notices that were sent by certified mail.

In 2023, the most recent biennial budget bill, H.B. 33 of the 135th General Assembly, allowed TAX to send any tax notice by ordinary mail or electronically, rather than by certified mail. However, the law does not specify how to treat ordinary mail that is returned as undeliverable. The bill requires that such mail be treated the same as undeliverable, certified mail. The process involves, in some situations, a follow-up mailing, and a requirement that TAX try to determine an alternative address for the taxpayer. If those measures fail, the notice becomes final 60 days after it was first returned.

Petitions for reassessment

(R.C. 128.46, 718.90, 3734.907, 3769.088, 4305.131, 5726.20, 5727.26, 5727.47, 5727.89, 5728.10, 5735.12, 5736.09, 5739.13, 5743.081, 5743.56, 5745.12, 5747.13, 5749.07, 5751.09, and 5753.07)

Continuing law authorizes TAX to issue assessments against taxpayers to enforce and collect delinquent taxes. Similar assessment procedures apply across all taxes and fees administered by TAX. One step in the assessment process is that a taxpayer that receives an assessment may file a petition containing the taxpayer's objections and requesting that TAX make a reassessment based on them. Current law generally requires that these petitions for reassessment be submitted to TAX through personal service or certified mail. The bill removes these service requirements, potentially authorizing different or additional manners of submission.

Public utility taxes: service of notices

(R.C. 5727.38, 5727.42, and 5727.47)

The bill expands the options TAX has for serving assessments and appeal notices to taxpayers for public utility TPP taxes and the public utility excise taxes. Current law requires those assessments and notices to be served by mail. The bill adds to that option other methods provided in continuing law governing other notices or orders served by TAX. Those other options are personal service, certified mail, authorized delivery service, ordinary mail, and secure electronic notification (but only with the person's consent).[130]

Public utility taxes: extension request

(R.C. 5727.48)

The bill allows a public utility additional options to request a 30-day extension, authorized under continuing law, to file a report or statement required for public utility TPP or excise taxes.

[130] R.C. 5703.37.

Under current law, the extension application must be filed in writing. The bill instead requires the public utility to request the extension in the form and manner prescribed by TAX.

Dealers in intangibles rule requirement

(R.C. 5725.01)

Although the dealers in intangibles tax was repealed beginning in 2014, certain related requirements still exist under current law. One such requirement is for TAX to adopt a rule defining the term "primarily" for purposes of describing who is subject to the tax as a person engaged in a business that "consists primarily of lending money, or discounting, buying, or selling" various evidences of indebtedness or securities. The bill repeals that rulemaking requirement for the defunct tax.

Energy-efficient building federal tax deduction

(R.C. 9.239)

The bill removes TAX from a procedure through which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of certain energy-efficient systems.[131] The designer may still request such an allocation under the bill, but only from the public entity that owns the building.

Technical corrections

(R.C. 5747.01, 5747.02, 5747.10, and 5725.23; Section 801.20)

The bill makes the following technical corrections to the laws governing state taxation:

- Corrects two erroneous cross-references in the income tax law.
- Removes an outdated reference to the intangible property tax, which is no longer levied.

Local Government and Public Library Fund

Allocation amount

(R.C. 131.51)

The bill permanently increases, from 1.70% to 1.75%, the percentage of state tax revenue deposited to the General Revenue Fund each month that is then transferred to the Local Government Fund (LGF) and Public Library Fund (PLF).

The budget enacted by the 135th General Assembly in 2023 increased the percentage each fund receives from the GRF to 1.70%, beginning with FY 2024. Prior to that, the permanent

[131] 26 U.S.C. 179D.

percentage was 1.66%, beginning in FY 2014, though the General Assembly had authorized several temporary increases ranging from 1.68% to 1.70% between FY 2014 and FY 2021.[132]

Under continuing law, most of the money in the LGF and PLF is distributed monthly to each county's undivided local government or public library fund, largely based upon that county's historical share. Each county distributes its share among local governments or libraries, respectively, according to a locally approved formula or, in some counties, a statutory need-based formula. A smaller portion of the LGF is paid directly to townships, smaller villages, and municipalities.

[132] Section 387.20 of H.B. 110 of the 134th General Assembly (2021), Section 387.20 of H.B. 166 of the 133rd General Assembly (2019), Section 387.20 of H.B. 49 of the 132nd General Assembly (2017), and Section 375.10 of H.B. 64 of the 131st General Assembly (2015).

TREASURER OF STATE

Homeownership Savings Program reporting requirements

- Requires the report on the Homeownership Savings Linked Deposit Program from the Treasurer of State (TOS) to include the average premium savings rate paid on the accounts, rather than the average yield on the accounts.

Treasurer payment by check

- For the purposes of Ohio's state accounting and budget laws, defines a "check" as a negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee.
- Permits the TOS to make a payment using a check.

State money deposits; pledging requirements

- Repeals a provision of law, which largely duplicates another existing provision, regarding investment of interim moneys in federally insured certificates of deposit.

Satellite offices of TOS for cash payments

- Repeals provisions of law permitting the TOS to open receiving offices for the payment of taxes and fees.

Money and interest credited to Crime Victims Recovery Fund

- Removes the responsibility of the TOS to credit revenue to the Crime Victims Recovery Fund to align the Revised Code with current practice.

Technical correction regarding inactive accounts

- Removes an outdated reference to inactive accounts regarding the TOS's statement of balances upon the request of the Governor or OBM Director.

Homeownership Savings Program reporting requirements

(R.C. 135.71)

The bill changes an existing reporting requirement for a report on the Homeownership Savings Linked Deposit Program, due from the TOS and the Tax Commissioner to the Governor and General Assembly by January 31, 2027.

The program is designed to make home ownership more attainable by making available premium rate savings accounts for the down payment and closing costs associated with the purchase of a home. Continuing law requires the TOS and Tax Commissioner to issue a report regarding the efficacy of the program, including the number of accounts created and the total amount contributed to the accounts, as well as the number of participating savings institutions.

Current law also requires the report to include the average yield on the accounts. The bill changes this to the average premium savings rate paid on the accounts.

Treasurer payment by check

(R.C. 131.01)

The bill permits the TOS, when an order has been drawn upon the TOS by an authorized state entity to pay a specified amount to one or more specified payees, to pay using a check. This is in addition to the continuing law payment methods of paper warrants, stored value cards, direct deposit to the payee's bank account, or the drawdown of funds by electronic benefit transfer.

The bill defines "check" under the relevant law as a "negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee."

State money deposits; pledging requirements

(R.C. 135.18; R.C. 135.144, repealed)

The bill repeals a provision of law which largely duplicates continuing law regarding investment of interim moneys in federally insured certificates of deposit (CD).[133] As certificates of deposit would still be purchasable under R.C. 135.145, the only effect of the statute's repeal is the pledging requirements attached to deposits; namely, if the amount held by the bank exceeds the amount insured by the federal deposit insurance corporation, the excess amount is subject to specific pledging requirements (located in R.C. 135.18, 135.181, and 135.182).

The continuing law section is broader and can be used to accomplish what is in the repealed provision.

The repealed provision is strictly for the purchase of CDs by public depositories using interim moneys. The CDs can be purchased from depositories that are not public depositories as long as the CD principal and interest is federally insured.

Continuing law, on the other hand allows a public depository to redeposit money into other depositories that are federally insured (and are not public depositories). This includes interim money, active and inactive deposits. It is the same as the repealed provision, except the deposit and interest need to be insured, and are subject to pledging requirements. This can include purchasing a CD but also includes a checking or savings account and other deposit accounts.

Satellite offices of Treasurer for cash payments

(R.C. 113.05; R.C. 113.06, repealed)

The bill repeals a provision of law permitting the TOS to open receiving offices as necessary for the expedient collection of taxes and fees. The provision requires these offices to

[133] R.C. 135.145, not in the bill.

have adequate security and open the offices in counties exceeding one million in population only. The provision permits the TOS to appoint a financial institution as the TOS's agent or deputy to collect taxes or fees and permits the TOS to make deposits with these institutions.

Money and interest credited to Crime Victims Recovery Fund

(R.C. 2969.13)

Ohio law established the Crime Victims Recovery Fund where all moneys paid in satisfaction of certain fines imposed upon an offender by a sentencing court are deposited. Any interest earned on the money in the fund is also credited to the fund.

Under current law, it is the duty of the TOS to credit money collected to the fund. However, current practice is that courts remit funds collected for the Crime Victims Recovery Fund directly to the Ohio Supreme Court, and the Clerk of the Ohio Court of Claims administers the fund.

This bill removes the responsibility of the TOS to credit revenue to the Crime Victims Recovery Fund so the Revised Code more accurately reflects the current practice of the courts.

Technical correction regarding inactive accounts

(R.C. 113.13)

The bill removes an outdated reference to inactive accounts regarding the TOS's statement of balances. Continuing law requires the TOS, upon the request of the Governor or OBM Director, to transmit the amount in an active account and amount of cash on hand.

DEPARTMENT OF VETERANS SERVICES

Clinician Recruitment Program

- Replaces the Physician Recruitment Program with the Clinician Recruitment Program and expands program eligibility.
- Establishes new eligibility requirements for the program.
- Makes changes to the required contract terms.
- Permits the Director of Veterans Services (DVS) to allocate funds.

Resident benefit funds

- Eliminates the requirement that the Superintendent of the Ohio Veterans' Homes establish rules for the operation of the residents' benefit funds.

Veteran peer counseling network

- Eliminates the Veteran Peer Counseling Network.

Claims register

- Eliminates the DVS Director's duty to keep a register of all claims filed by DVS.

Clinician Recruitment Program

(R.C. 5907.17)

Eligibility

The bill renames the existing Physician Recruitment Program as the Clinician Recruitment Program. The change in name reflects the bill's expansion of program eligibility from just physicians to physicians, advanced practice registered nurses, licensed practical nurses, physician's assistants, registered nurses, registered nurse aides, and any Ohio Veterans' Home employee who is a licensed medical professional in Ohio and is not exempt from a student loan program under a union contract or other law.

To be eligible for the program under the bill, a clinician must:

- Be licensed in Ohio by an appropriate licensing authority and work in that discipline at an Ohio Veterans' Home;
- Have worked at an Ohio Veterans' Home for at least one year;
- Not have been subject to formal discipline while employed at an Ohio Veterans' Home;
- Provide sufficient evidence to determine that the clinician attended a school or medical program accredited by a national or regional accrediting organization; and
- Agree to the terms of the contract provided under the provision.

These eligibility requirements replace existing, physician-specific requirements.

Contract

The bill makes changes to the terms of the contract to require clinicians to agree to maintain appropriate licensure and to provide services for a specified number of years of one or more years.

Scope of program

The bill changes the category of individuals served by the program to "residents of the Ohio veterans' homes." Under existing law, the category of individuals served by the program are "patients of one or more specified institutions administered by the department (of veterans services)."

Allocation of funds

The bill permits the DVS Director or a designee to allocate funds among clinicians recruited under the program for any purpose considered necessary to best serve clinician staffing needs.

Resident benefit funds

(R.C. 5907.11)

The bill eliminates the requirement that the Superintendent of the Ohio Veterans' Homes establish rules for the operation of the residents' benefit funds. Under continuing law, the Superintendent may, with the approval of DVS, establish local funds for each veterans' home. Each fund must be used for the entertainment and welfare of the residents and is operated for the exclusive benefit of the residents of the associated home. The funds generate revenue from donations and the sale of commissary items at the associated home.

Veteran peer counseling network

(R.C. 5902.20)

The bill eliminates the Peer Counseling Network and the DVS Director's duty to adopt rules for it. Under current law, the Veteran Peer Counseling Network offers Ohio veterans the opportunity to work with other veterans to help overcome issues unique to veterans. The DVS Director is charged with adopting rules to administer the Network.

Claims register

(R.C. 5902.06)

The bill eliminates the DVS Director's duty to keep a register showing the situation and disposition of any claim filed by DVS. Current law requires the DVS Director to keep such a register.

LOW-INCOME UTILITY ASSISTANCE AND BLOCK GRANTS

Federal block grant funds

- Transfers powers and duties to administer Community Services Block Grant funds from the Department of Development (DEV) to the Department of Job and Family Services (JFS) while leaving the powers and duties unchanged.
- Aligns current law requiring the General Assembly to hold public hearings regarding the Community Services Block Grant funds with federal law requirements.
- Transfers, from DEV to JFS, the requirement to submit a waiver to the federal government for use of federal low-income home energy assistance programs (HEAP) funds from the home energy assistance block grants for weatherization purposes.

Low-income customer assistance program administration

- Transfers from the DEV Director to the JFS Director the administration of the low-income customer assistance programs and the consumer education program beginning on July 1, 2026, and the energy efficiency and weatherization program.

Electric Partnership Plan Fund

- Replaces the Universal Service Fund with the Electric Partnership Plan (EPP) Fund to provide funding for the low-income customer assistance and consumer education programs.
- Requires the EPP fund to consist of (1) amounts allocated to each electric distribution utility (EDU) for consumer education programs and (2) any amount necessary to fund administrative costs of the low-income customer assistance programs.

Percentage of Income Payment Plan (PIPP) rider

- Beginning January 1, 2026, replaces the Universal Service rider with the PIPP rider on retail electric distribution rates as determined by the Public Utilities Commission (PUCO).
- Requires the PIPP rider to recover (1) the prudently incurred costs of providing the PIPP program for each EDU, (2) the EDUs' allocated shares for funding the low-income customer assistance programs administered by JFS, according to each EDU's annual distribution service revenues, and (3) any amount necessary to fund administrative costs of the low-income customer assistance programs.
- Requires each EDU's allocation to include a separately designated allocation equal to the EDU's share of the total amount for all EDUs not to exceed $15 million annually for funding the consumer education program.
- Requires each EDU, by June 30 each year, to remit to JFS the EDU's allocated share for the consumer education program and the administrative costs of the low-income customer assistance programs.

- Requires PUCO to administer the PIPP rider and perform periodic audits of each EDU's PIPP rider.
- Requires PUCO to adopt rules for the administration of the PIPP rider and to cooperate with, and provide assistance to, the JFS Director regarding low-income customer assistance program administration.
- Requires PUCO (instead of DEV) to establish a competitive procurement process for the supply of competitive retail electric service for PIPP program customers and to aggregate program customers for this purpose.

Public Advisory Board

- Adds the JFS Director to the Public Advisory Board (replacing the DEV Director) and requires the Board to advise the JFS Director.
- Limits the Board's duties to advising the JFS Director regarding the low-income customer assistance programs.
- Repeals the Board duty to give advice regarding the Universal Service Fund and Rider and the Advanced Energy Program and Advanced Energy Fund and repeals its advisory powers and duties regarding economic development and stability, energy, and pollution matters in Ohio under the program.
- Eliminates reimbursements to Board members for expenses incurred for the Advanced Energy Program.

Expired revenue sources for Advanced Energy Fund

- Repeals the following regarding Advanced Energy Fund revenue:
  - The expired temporary Advanced Energy Rider collected by EDUs and their remittance to the Advanced Energy Fund;
  - The ten-year limitation on remittance requirements for the temporary Advanced Energy Rider;
  - The expired quarterly remittance and timing requirements for revenues from (1) payments, repayments, and collections under the Advanced Energy Program and from program income and (2) collections by an Ohio municipal electric utility or electric cooperative participating in the Advanced Energy Fund.
- Repeals the requirements regarding the use of money collected in rates, as of October 5, 1999, for non-low-income customer energy efficiency programs.

Repeal of obsolete reports

- Repeals requirements for reports with due dates that have passed.

Federal block grant funds

(R.C. 122.66(5101.311), 122.67(5101.312), 122.68(5101.313), 122.681(5101.314), 122.69(5101.315), 122.70(5101.316), 122.701(5101.317), 122.702(5101.318) (renumbered and amended), and 4928.75; R.C. 121.22, 122.1710, 307.985, 2915.01, 3701.033, and 5101.101 (conforming changes))

Community Services Block Grant

The bill transfers, from DEV to JFS, the powers and duties to administer Community Services Block Grant funds and programs. The bill leaves unchanged those transferred powers and duties, including administering all federal funds apportioned to the state via the "Community Services Block Grant Act," designating "community action agencies" to receive funds, and various other duties.

The bill requires the General Assembly to conduct public hearings regarding the grant funds, as required in federal law. Current law specifies these General Assembly hearings must be held each year on "the proposed use and distribution" of the grant funds as required under federal law.

Weatherization services

The bill transfers, from DEV to JFS, the requirement to submit a completed waiver request every fiscal year, in accordance with federal law, for the state to expend 25% of federal low-income home energy assistance program funds from the home energy assistance block grants for weatherization services allowed under federal law.

Low-income customer assistance program administration

(R.C. 4928.53, 4933.55, and 4928.56; R.C. 4928.34 and 4928.43 (conforming change))

The bill transfers the administration of existing low-income customer assistance programs from the DEV Director to the JFS Director beginning July 1, 2026. Under ongoing law, "low-income customer assistance programs" are the percentage of income payment plan program (PIPP), the home energy assistance program (HEAP), the home weatherization assistance program (HWAP), and the targeted energy efficiency and weatherization program.[134]

The bill also transfers from DEV to JFS the authority for the Director to establish (1) a consumer education program for customers who are eligible to participate in the low-income customer assistance programs and to adopt rules for the consumer education program and (2) an energy and efficiency and weatherization program targeted to high-cost, high-volume use structures occupied by customers who are eligible to participate in the PIPP program. With the transfer, the JFS Director is responsible for the administration and coordination of these programs and the duty to provide, to the maximum extent possible, for efficient program administration and a one-stop application and eligibility determination process for consumers. However, the bill expressly excepts the PIPP rider from JFS administration.

[134] R.C. 4928.01(A)(16).

Under the bill, the JFS Director must adopt rules to ensure the effective and efficient administration of the low-income customer assistance programs and has the authority to adopt rules for the PIPP program, including rules for customer eligibility and payment and credit policies. The JFS Director also has the rulemaking authority as is conferred on the DEV Director for the Ohio Energy Credit Program.

The bill repeals the following Universal Service Fund and PIPP program provisions:

- The DEV Director's authority to adopt rules establishing procedures for disbursing funds to suppliers and administering certain funds and requirements for remittances to the DEV Director for (1) customer payments under the PIPP program and (2) revenues from a municipal electric utility or electric cooperative that decided to participate in the PIPP program;
- The provision specifying that the DEV Director's rulemaking authority excludes the authority to prescribe service disconnection, customer billing policies, and procedures to address complaints against PIPP program suppliers, which is authority exercised by PUCO in coordination with the DEV Director. (It is not clear if this repeal will affect PUCO duties regarding procedures for these activities and whether this repeal is merely intended to be limited to the removal of the DEV Director from this role.)
- The transfer from electric distribution utilities (EDUs) to the DEV Director the right to collect all customer arrearage payments for PIPP program debt;
- The initial (and completed) requirement that the DEV Director's initial PIPP program rules must incorporate eligibility criteria and payment responsibility policies established in PUCO rules in effect when the PIPP program administration was transferred to DEV effective with the enactment of S.B. 3 of the 123rd General Assembly in 1999.

Electric Partnership Plan Fund

(R.C. 4928.51; R.C. 4928.66 and 5117.07 (conforming changes))

The bill establishes in the state treasury the Electronic Partnership Plan (EPP) Fund as the depository and funding source for paying for the low-income customer assistance programs and administrative costs of these programs and the consumer education program. A portion of the revenues collected under the PIPP rider (see "**Percentage of Income Payment Plan (PIPP) Rider**") must be remitted to the JFS Director and deposited in the EPP Fund. The EPP Fund replaces the Universal Service Fund which the bill repeals.

Percentage of Income Payment Plan (PIPP) Rider

(R.C. 4928.52, 4928.54, 4928.543, 4928.544, and 4928.545; R.C. 4928.34 and 4928.542 (conforming changes))

Beginning January 1, 2026, the bill replaces each EDU's existing universal service rider with the PIPP rider it establishes. Under the bill, PUCO must administer the rider and must perform periodic audits of each EDU's rider. PUCO must adopt rules for rider administration and must cooperate with, and provide assistance to, the JFS Director as required for the Director's administration of the low-income customer assistance program.

Revenues collected under the PIPP rider

The PIPP rider is a rider on retail electric distribution service rates as rates are determined by PUCO under the competitive retail electric service law. Under the bill, the PIPP rider must recover the following:

- The prudently incurred costs of providing the PIPP rider for each EDU;
- The total of the EDUs' allocated shares as determined by PUCO as described below;
- Any additional amount necessary and sufficient to fund through the rider the administrative costs of the low-income customer assistance programs.

PUCO determined allocation for each EDU

Under the bill, PUCO must allocate to each EDU a share of the funding for low-income customer assistance programs administered by the JFS Director following the transfer of program administration from DEV. Each EDU share must be allocated according to each EDU's annual distribution service revenues and must include a separately designated allocation for the EDU's share of consumer education program funding. The bill specifies that a total not to exceed $15 million annually must be allocated among all EDUs for the consumer education funding.

The bill applies to the PIPP rider the same requirement in place for the universal service rider that the rider must be set so that it does not shift the cost of funding low-income customer assistance programs among EDU customer classes.

EDU remittances for deposit in the EPP Fund

Annually on June 30, each EDU must remit to JFS for deposit in the EPP Fund, the EDU's share of the following:

- The EDU's allocation for funding the consumer education program; and
- The costs for the administration of the low-income customer assistance programs.

The bill does not expressly state what occurs with funds collected under the PIPP rider for EDUs' prudently incurred PIPP costs. Presumably, under the PUCO rulemaking authority regarding PIPP rider administration, PUCO could determine whether the funds that EDUs collect for this purpose could be retained by each EDU to cover their PIPP rider costs.

Customer aggregation for electric service procurement process

The bill transfers from the DEV Director to PUCO the duty to aggregate PIPP Program customers for the purpose of conducting auctions for the ongoing competitive procurement process for the supply of competitive retail electric service for these customers. It retains the same process requirements as current law. The bill also requires PUCO rather than the DEV Director to adopt rules for a fair and unbiased auction process.

The bill repeals the requirement that PUCO design, manage, and supervise the competitive procurement process "upon the written request by the DEV Director." It also repeals the requirement that the DEV Director reimburse PUCO for its procurement process costs.

Public Advisory Board

(R.C. 4928.58 and 4928.63)

The bill replaces the DEV Director as a member of the Public Advisory Board with the JFS Director and requires the Board to advise the JFS Director. Under ongoing law, the purpose of the 21-member Board is to ensure that energy services are provided to Ohio's low-income consumers in an affordable manner consistent with the state retail electric service policies, including among others, the policy to ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service.[135]

Under the bill, the Board must advise the JFS Director instead of the DEV Director regarding the low-income customer assistance programs. It repeals the Board's duty to give the DEV Director advice regarding the Universal Service Fund and the appropriate level of the Universal Service Rider, both of which are repealed by the bill.

Repealed by the bill are the Board's advisory powers and duties regarding the Advanced Energy Fund and the Advanced Energy Program. Under ongoing law, the DEV Director retains the power and duty to assist with economic development and stability, energy, and pollution matters in Ohio under the program. The bill also eliminates reimbursements to Board members for expenses incurred for the Advanced Energy Program.

Expired revenue sources for Advanced Energy Fund

(R.C. 4928.61; R.C. 4928.34 and 4928.62 (conforming changes))

The bill repeals the following regarding Advanced Energy Fund revenue:

- The expired temporary Advanced Energy Rider collected by EDUs and their remittance to the Advanced Energy Fund;
- The ten-year limitation on remittance requirements for the temporary Advanced Energy Rider;
- The expired quarterly remittance and timing requirements for revenues from (1) payments, repayments, and collections under the Advanced Energy Program and from Program income and (2) collections by an Ohio municipal electric utility or electric cooperative participating in the Advanced Energy Fund.
- The requirements regarding the use of money collected in rates, as of October 5, 1999, for non-low-income customer energy efficiency programs.

Repeal of obsolete reports and requirements

(R.C. 4928.06, 4928.57, 4928.581, 4928.582, and 4928.583)

The bill repeals requirements for reports (described below) with due dates that have passed.

[135] R.C. 4928.02.

Report on effectiveness of competition in electric supply

The bill repeals the biennial reports regarding the effectiveness of competition in the supply or competitive retail electric service in Ohio that the PUCO and the Office of the Consumers' Counsel (OCC) were required to provide to the standing committees of the General Assembly with primary jurisdiction regarding public utility legislation until 2008.

Under a related but obsolete law, the standing committees of the General Assembly with primary jurisdiction regarding public utility legislation were required to meet at least biennially to consider the effect of electric service restructuring on Ohio and to receive reports from the PUCO, OCC, and the DEV Director until the end of all market development periods under the competitive retail electric service law. The market development periods have ended, and the bill repeals this provision.

Low-income customer assistance/advanced energy program report

The DEV Director was required to provide a report on the effectiveness of the low-income customer assistance programs and the consumer education program and the advanced energy program every two years until 2008 to the standing committees of the General Assembly that deal with public utility matters. The bill repeals this reporting requirement.

Report on revenue for low-income customer assistance programs

Repealed under the bill are the Public Benefits Advisory Board annual report that included, for each EDU, the annual amount of revenue collected from customers for the purpose of supporting the Universal Service Fund and the low-income customer assistance programs, as well as forecast of those amounts that were to be collected in 2016, 2017, and 2018, and the requirement that the Board, from 2015 to 2018, submit the report to the Governor, Senate President, Speaker of the House, and others.

Regarding these Board reports, the bill also repeals the authority for the Board to obtain professional services as the board determines appropriate and the requirement that the DEV Director, PUCO, and each EDU promptly respond to requests by the Board for information needed to prepare the report.

PUBLIC RECORD AND OPEN MEETING PROVISIONS

Public records changes

Automated license plate recognition systems

- Exempts images and data captured by an automated license plate recognition system that are maintained in a law enforcement database from the Public Records Law.

Specific investigatory work

- Modifies the definition of specific investigatory work product that is protected from public records request disclosure.

Inmate records

- Restates that records pertaining to inmates committed to DRC and persons under Adult Parole Authority supervision are not public records, unless specifically exempted.

Victim statements

- Specifies that written and oral statements provided by victim or victim's representative to DRC in connection with the pendency of any pardon, commutation, or parole are confidential and privileged statements, are not public records, and are not subject to subpoena or discovery.
- Prohibits the victim statements specified above from being admissible as evidence in any action.

ABLE account records not public records

- Exempts from Public Records Law any record of the Treasurer of State indicating ABLE account beneficiaries, balances, and activity on ABLE accounts.

License holder contact information

- Specifies that the address, telephone number, or email address of a holder, or former holder, of an occupational license, specialty occupational license for medical reimbursement, certification, or registration is confidential and not a public record for purposes of Ohio's Public Records Law.
- Allows an occupational licensing board or the Office of Information Technology, which operates Ohio's eLicense database, to make a covered address, telephone number, or email address available under specific circumstances.

Procurement law and public records

- Clarifies that all documents related to a competitive selection (including competitive sealed bidding, competitive sealed proposals, reverse auctions, and electronic procurement) are not public records until after the contract has been awarded.
- Eliminates a provision of law that specifies such documents are public records after a competitive selection is cancelled.

Designation of a public records officer

- Expressly authorizes a public office or person responsible for public records to designate one or more officials or employees to act as its public records officer or officers.

Notice of open meeting on public body's website

- Changes the requirement that a public body must establish, by rule, a reasonable method to provide notice to the public of the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings to instead require the method to be on the public body's website.
- Specifies that any advance notification may include electronically mailing the agenda of meetings to all subscribers on an electronic mailing list.
- Removes the reference of making an advance notification using self-addressed, stamped envelopes provided by a person requesting an advanced notice.

Public records changes

The bill includes a number of new or revised exceptions to the Public Records Law. Although some are discussed in context of larger provisions above, several are addressed in this chapter together.

Automated license plate recognition systems

(R.C. 149.43)

The bill exempts images and data captured by an automated license plate recognition systems (ALPRS) that are maintained in a law enforcement database from the Public Records Law. ALPRS are typically used by law enforcement agencies to capture an image of a vehicle's license plate as the vehicle passes by. The license plate image is then translated into letters and numbers using specialized software. The software assists law enforcement in identifying stolen vehicles or persons of interest.

Specific investigatory work product

The bill defines "specific investigatory work product" as that term pertains to the Public Records Law to mean any record, thing, or item that documents the independent thought processes, factual findings, mental impressions, theories, strategies, opinions, or analyses of an investigating officer or an agent of an investigative agency or prosecuting attorney and also includes any documents and evidence collected, written or recorded interviews or statements, interview notes, test results, lab results, preliminary lab results, and other internal memoranda, things, or items created during any point of an investigation. Basic information regarding the date, time, address, and type of incident are excluded from the definition of "specific investigatory work product."

Under continuing law, "confidential law enforcement investigatory records" are not considered public records. A record is a "confidential law enforcement investigatory record" if it

pertains to a law enforcement matter of a criminal, quasi-criminal, civil, or administrative nature, but only to the extent that the release of the record would create a high probability of disclosure of certain types of information, including "specific investigatory work product."

Inmate records

(R.C. 149.43 and 5120.21)

The bill states that records pertaining to inmates committed to the Department of Rehabilitation and Correction (DRC) and persons under Adult Parole Authority supervision are not public records, except for the following information:

1. Name;

2. Criminal convictions;

3. Photograph;

4. Supervision status, including current and past place of incarceration;

5. Disciplinary history.

Current law further provides that except as otherwise provided by state or U.S. law, these records are also confidential and accessible only to employees. The bill modifies this to instead provide that notwithstanding any other law of the state or the United States to the contrary, these records are confidential and must be accessible to employees only. The U.S. Constitution in Article IV, Clause 2 grants federal law supremacy in situations where state and federal law come into conflict. Because federal law is above state law, a state is not able to "notwithstand" the laws of the United States. If challenged in the courts, the amendments in this provision are likely to be found unconstitutional under this principle.

Victim statements

(R.C. 149.43 and 2967.12)

The bill specifies that all written and oral statements provided by a victim or victim's representative to DRC in connection with the pendency of any pardon, commutation, or parole are confidential and privileged and are not:

- Subject to subpoena or discovery;
- Admissible in evidence in any action;
- Public records.

ABLE account records not public records

(R.C. 113.51)

The bill exempts any record of the Treasurer of State indicating the account beneficiaries and the balances and activity in ABLE accounts from the Public Records Law, meaning that these records are not available to the public, by request or otherwise.

Achieving a Better Life Experience ("ABLE") accounts are tax exempt accounts created by the IRS, and established by the state, for people with disabilities to pay the costs of qualified disability expenses.

License holder contact information

(R.C. 4798.10, with conforming changes in R.C. 3743.56, 4701.13, 4703.11, 4713.07, 4715.08, 4715.42, 4723.653, 4723.89, 4725.07, 4729.06, 4729.59, 4731.07, 4731.295, 4731.298, 4732.07, 4734.04, 4741.03, 4744.12, 4749.06, 4755.41, 4755.61, 4779.21, and 5123.451)

Except as described below, under the bill both of the following apply to the address, telephone number, and email address (the "contact information") of a current or former holder of an occupational license, specialty occupational license for medical reimbursement, certification, or registration:

- The contact information is not a public record under Ohio's Public Records Law;[136]
- The contact information is confidential and may not be released by the licensing board that issued the license, specialty license for medical reimbursement, certification, or registration.

The bill's limitations on a holder's or former holder's contact information also apply if the address, telephone number, or email address are contained in the eLicense Database created and administered by the Office of Information Technology. The bill does not, however, prohibit the Office from displaying an individual's county and state of residence or business on a website operated by the Office for the purpose of verifying that the individual possesses a license, specialty license for medical reimbursement, certification, or registration.

Exceptions

The bill allows a licensing board or the Office of Information Technology to make any covered contact information available under any of the following circumstances:

- At the request of a federal, state, or local government agency or a professional organization approved by the licensing board, provided the agency or approved organization agrees not to disseminate the information to third parties;
- Making the information available is necessary for Ohio to join or maintain membership in an interstate licensure compact or other method of granting interstate reciprocal licensure;
- For the purpose of enforcing state or federal law, including conducting investigations, issuing citations, enforcing settlements, and conducting lawful adjudication hearings;
- At the request of a law enforcement agency or an agency in another state responsible for the licensure, regulation, or investigation of the holder of an occupational license,

[136] R.C. 149.43.

specialty occupational license for medical reimbursement, certification, or registration under the jurisdiction of an occupational licensing board in that state;

- At the request of an accredited educational institution for research purposes approved by the occupational licensing board, provided the institution agrees not to disseminate the information to third parties;
- At the request of an entity performing services on behalf of an occupational licensing board, provided the organization or entity agrees not to disseminate the information to third parties unless the disclosure is necessary to provide the services and is authorized as part of a contract or agreement between the entity and the board;
- For the purpose of reporting disciplinary actions to federal or state authorities or to organizations approved by the occupational licensing board;
- At the request of the individual who holds or held the occupational license, specialty occupational license for medical reimbursement, certification, or registration.

Designated public service workers

If the holder or former holder of a license, specialty license for medical reimbursement, certification, or registration is a designated public service worker, the bill specifies that any release of information protected by the bill also must comply with the Public Records Law. The Public Records Law allows limited information about a designated public service worker to be disclosed only on written request made and signed by a journalist. The following individuals are considered "designated public service workers" under continuing law:

- Peace officers;
- Parole officers;
- Probation officers;
- Bailiffs, prosecuting attorneys, and assistant prosecuting attorneys;
- Correctional employees, county or multicounty corrections officers, community-based correctional facility employees;
- Designated Ohio National Guard members;
- Protective services workers and youth services employees;
- Firefighters, EMTs, and medical directors or members of a cooperating physician advisory board of an emergency medical service organization;
- State Board of Pharmacy employees;
- Bureau of Criminal Identification and Investigation investigators;
- Emergency service telecommunicators, forensic mental health providers, mental health evaluation providers, regional psychiatric hospital employees; and

- Judges, magistrates, and federal law enforcement officers.[137]

Procurement law and public records

(R.C. 9.28, 125.071, and 125.11)

The bill clarifies that all documents related to a competitive selection (including competitive sealed bidding, competitive sealed proposals, reverse auctions, and electronic procurement) are not public records until after the contract has been awarded.

The bill eliminates a provision of law that specifies such documents are public records after a competitive selection is cancelled. Therefore, under the bill, if a solicitation is cancelled before the award of a contract, the related documents do not become public records.

Designation of a public records officer

(R.C. 149.43(B)(11))

The bill expressly authorizes a public office or person responsible for public records to designate one or more officials or employees to act as its public records officer or officers, and specifies that the public office may require that a person making a request for a public record address a request to the designated public records officer or officers. Continuing law requires that, upon request by any person, all public records responsive to a request to be promptly prepared and made available for inspection, and a public office or person responsible for public records to make copies of the requested public record available to the requester at cost and within a reasonable period of time.

The bill requires a public office to include the designation of the public records officer or officers and operative contact information for the public records officer or officers in its public records policy, and to post this information on any website of the public office.

Notice of open meeting on public body's website

(R.C. 121.22)

The bill changes the requirement that a public body must establish, by rule, a reasonable method to provide notice to the public of the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings to instead require the method to be on the public body's website. Additionally, the bill specifies that any advance notification may include electronically mailing the agenda of the meetings to all subscribers on an electronic mailing list and removes the reference of making an advance notification using self-addressed, stamped envelopes provided by a person requesting an advanced notice.

Under the continuing Open Meetings Law, public bodies generally are required to take official action and deliberate official business only in open meetings where the public may attend and observe. A public body is any board, commission, committee, council, or similar decision-making body of a state agency, institution, or authority and any legislative authority or board, commission, committee, council, agency, authority, or similar decision-making body of any

[137] R.C. 149.43(A)(7) and (B)(9).

county, township, municipal corporation, school district, or other political subdivision or local public institution.

NOTES

Effective dates

(Sections 820.10 to 820.80)

Article II, Section 1d of the Ohio Constitution states that "appropriations for the current expenses of state government and state institutions" and "[l]aws providing for tax levies" go into immediate effect and are not subject to the referendum. The bill includes a default provision stating that, except as otherwise specifically provided, the amendment, enactment, or repeal of a section is subject to the referendum and takes effect on the 91st day after the act is filed with the Secretary of State (barring the filing of a referendum petition). The bill also includes exceptions to the default provision, some of which provide that specified provisions are not subject to the referendum and go into immediate effect.

Expiration

(Section 810.10)

The bill includes an expiration clause stating that an item that composes the whole or part of an uncodified section contained in the bill (other than an amending, enacting, or repealing clause) has no effect after June 30, 2025, unless its context clearly indicates otherwise.

HISTORY

Action	Date
Introduced	02-11-25

ANHB0096IN-136/ts