



Senator Kristina Roegner

SB 9

Sponsor Testimony

Ohio Senate Government Oversight Committee

January 26th, 2021

Ranking Member Craig and Members of the Senate Government Oversight and Reform Committee, thank you for the opportunity to provide sponsor testimony today on Senate Bill 9 (SB9). This legislation is a redraft of priority legislation from the 133rd GA, SB1, which initially passed both Chambers but ran out of time before the agreed upon Conference Committee report could be voted out of the House.

Like SB1, SB9 aims to restore to a healthy level the number of regulations in Ohio. Although passed with the best of intentions, the accumulation of new laws and regulations overtime slow economic growth and employment opportunities. *It is like sludge in the economic engine.* Think about it. Say you want to start a new business and want to be fully up to speed on Ohio's Administrative Code (OAC), so you sit down to read all the rules you need to follow in Ohio.

Better get comfortable because the OAC contains over 15 million words. Reading at a rate of 300 words a minute for 40 hours a week, it would take you 844 hours or about 21 work weeks of non-stop reading to peruse the OAC in its entirety. Over the course of that reading marathon you would discover approximately 274,000 unique restrictions (words like must, shall not, required to etc.). I would be remiss if I did not mention that this is in addition to more than 1.08 million additional restrictions in the federal code.

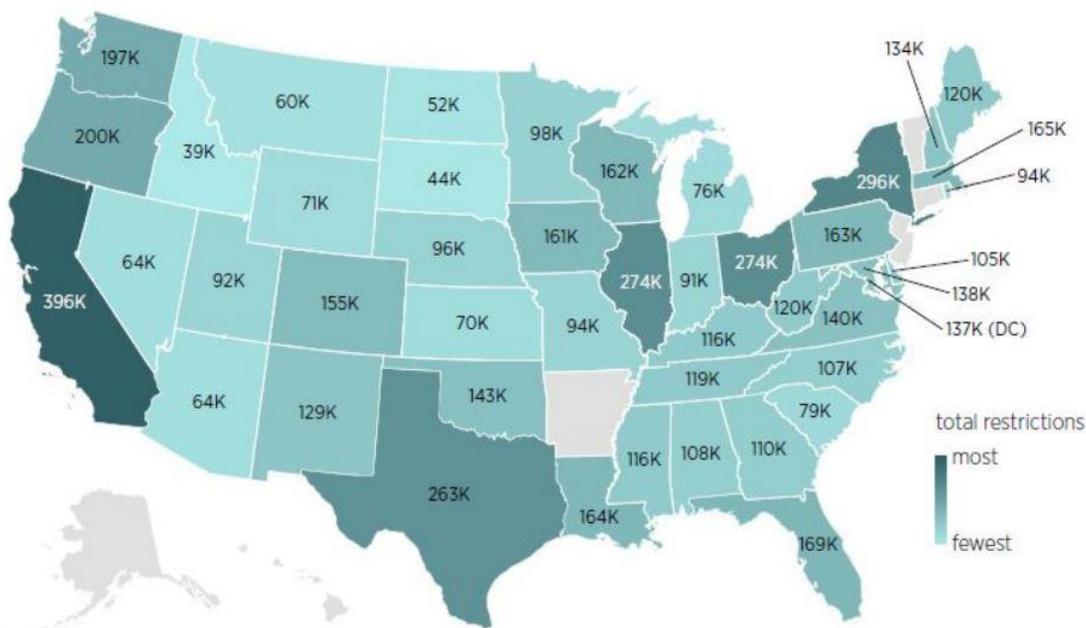
Individuals and businesses in Ohio must navigate these different layers of restrictions to remain in compliance.¹ It's truly a wonder that anyone wants to start a business with that much red tape to navigate.

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

To gain a better understanding of the reach of state-level regulation in the United States, the Mercatus Center at George Mason University completed the first version of the State RegData project in 2019, which we discussed during the SB01 debate. However now we have Version 2.0 of the project, which was released in July 2020. This study gathered and analyzed the regulations of 44 states plus the District of Columbia. (Alaska, Arkansas, Connecticut, Hawaii, New Jersey, and Vermont were not analyzed due to limitations on data availability.)

State-Level Regulatory Restrictions

California has the most regulatory restrictions, while Idaho has the fewest.



¹ <https://www.mercatus.org/publications/state-and-local-policy/snapshot-ohio-regulation-2018>

Unfortunately Ohio has the dubious distinction of still being in the 5 most restrictive states, which are in order, starting with the worst:

- California 396,000.
- New York 296,000
- Ohio 274,000
- Illinois 274,000
- Texas 263,000

On the other end of the regulatory spectrum, sixteen states have fewer than 100,000 regulatory restrictions in their administrative codes. Idaho has the fewest number of restrictive regulations, with less than 39,000 restrictions. Montana, North Dakota, and South Dakota are other states with fewer than 60,000 restrictions.²

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

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

Let me be clear: The problem is not regulation – it is unnecessary and or excessive regulation. SB 9 provides a solution, a pathway to relieving Ohio of the regulatory

² <https://www.mercatus.org/publications/regulation/quantifying-regulation-us-states-state-regdata-20>

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

albatross and unleashing economic potential in our state.

I would like to thank Senator McColley for his leadership on this topic and would respectfully request that the committee hold their questions until he has had an opportunity to share his testimony.