



2014 Annual Report

February 1, 2015

Lt. Governor Mary Taylor

77 S. High Street, 30th Floor
Columbus, OH 43215

CSIOhio@governor.ohio.gov

www.governor.ohio.gov/CSI



MARY TAYLOR
LT. GOVERNOR
STATE OF OHIO

Dear Ohioans:

I am pleased to share with you the 2014 Annual Report for Ohio's Common Sense Initiative (CSI). Since Governor Kasich created CSI four years ago and placed it under my leadership, we have been moving forward to streamline Ohio's business regulations and make Ohio more business-friendly.

Previous reports have reflected the development of CSI as a new initiative, as the principles were introduced into state government and the impact of the initiative grew. In those years, we identified significant reductions in rule filings as agencies began to understand the new standards they were required to meet and businesses began to understand the powerful resource that CSI represented.



This 2014 report represents the continued maturation of the CSI Office and its operations in pursuing the goals Governor Kasich and I have for improving Ohio's business regulatory climate. Since 2012, when all proposed rules that impact business were required to go through a CSI analysis and review, we have reviewed more than 5,500 business-impacting rules, and 56 percent of those rules have been either amended or rescinded. The measures in this report highlight the ways in which the CSI process has impacted those rules to bring about more effective regulations while also reducing the unnecessary burdens to Ohio's job creators.

I continue to be most proud of the work we do on a day-to-day basis helping Ohio businesses that have run into burdensome red tape. The "success stories" in this report represent real Ohio businesses who have contacted the CSI Office and received help on issues big and small. It is my hope that these stories will help the public understand how Ohio's business climate is changing.

Just as we push state agencies to treat regulation as a partnership between the state and the businesses being regulated, we strive to make CSI a partnership between my office and our regulatory agencies. I am grateful for the cooperation of our Cabinet Directors and Licensing Boards and Commissions, and for the work that many of them are doing to incorporate the CSI principles into their agency cultures. I appreciate the leadership of Governor Kasich in prioritizing regulatory reform, and the leadership of our nine Small Business Advisory Council members in keeping the CSI Office focused on the issues that matter to the business community.

There is much work yet to do, but the future of Ohio is bright and I am proud to share the work of the Common Sense Initiative with you through this report.

Sincerely,

Mary Taylor
Lieutenant Governor

Executive Summary

The Common Sense Initiative (CSI) Office was created in January 2011 to independently evaluate the economic impact of state agency regulations on Ohio businesses and to reduce that impact wherever possible. In short, the goal of the initiative is to achieve the appropriate balance between the public protections regulations offer and the adverse impact those regulations can have on the ability of Ohio businesses to start up, grow, and create jobs.

Upon its creation, Governor John Kasich named Lt. Governor Mary Taylor to lead CSI. In March 2011, Lt. Governor Taylor developed a strategic plan to guide the operations of the CSI Office. The work of the CSI Office has been based on the following four principles:

1. Regulations should facilitate, not hinder, economic growth.
2. Regulations should be transparent and responsive.
3. Compliance should be as easy and inexpensive as possible.
4. Regulations should be enforced fairly and consistently.

With these principles as a guide, the CSI process has been designed to operate along two tracks. First, all state agency rules that impact businesses must undergo an analysis to determine that the purpose of the rules justifies the impact. Second, the CSI Office has been empowered to serve an ombuds function to help individual businesses or groups of businesses resolve regulatory issues with state agencies. This second track is intended to ensure that the work of the CSI Office is focused on issues that actually impact businesses on a day-to-day basis. The 2011 strategic plan outlined five goals to serve as the basis for ongoing reporting by the CSI Office, and 2014 measurables for each goal are provided in this report.

Goal 1: Develop a CSI process that is efficient, credible, and effective

The CSI rule review process has had a significant impact on the state's rulemaking process since it was implemented in 2012. In the first three years of these reviews, more than 5,500 business-impacting rules have been reviewed by the CSI Office. Of these, 56 percent have been either amended or rescinded. This report includes new metrics intended to identify the way in which the CSI process impacts rules submitted for review.

For example, one of the foundations of the CSI review process is that agencies should work directly with impacted stakeholders early in the process. Through the Business Impact Analyses agencies submit to the CSI Office, we have identified that approximately one-third of the rule packages¹ were significantly impacted by this early stakeholder outreach. Even after being submitted to the CSI Office for review, another 16 percent of the rule packages experienced substantive changes as a result of suggestions from CSI staff, public comments submitted, or other elements of the CSI process. For more than one-fourth of the rule packages reviewed, CSI staff required the agency to submit revised Business Impact Analyses in order to better explain the rules to stakeholders and justify the impacts to business. Finally, the number of stakeholder

¹ Agencies may submit multiple related rules for review as a single package.

comments during the CSI reviews was significantly higher in 2014, indicating more participation by businesses in the creation of regulations that impact them.

These measures reflect the goal of the CSI process to help agencies achieve better, more effective regulations that reduce the impact to business as much as possible. Also for the first time, the 2014 report includes “rule review success stories,” similar to the way we have typically illustrated the impact of the CSI ombuds function. These stories are intended to show the way in which the rule reviews work and the way in which the CSI Office and process are able to achieve the balance between regulatory purpose and minimizing the impact to business.

Finally, it is important to note through three years of the rule review process, no agencies have refused to adopt CSI recommendations, nor has the Joint Committee on Agency Rule Review (the legislative committee charged with oversight of agency rulemaking) moved to invalidate a rule approved by the CSI Office.

Goal 2: Impact a significant number of regulations based on the Vision Statement for the CSI Office

As described above, this goal has traditionally been measured largely through “success stories” which demonstrate the ability of the CSI Office to intervene and get results for businesses facing real-world regulatory obstacles. The stories outlined in this report, for example, describe CSI efforts to assist businesses obtaining necessary building permits and navigating the unemployment process. We were able to help businesses – from tattoo parlors to motor sports racetracks – that were being subject to health regulations that were dated and created unnecessary burdens without any appreciable benefit to public health and safety. In an initiative that can serve as a model for future collaborations, the CSI Office helped facilitate a working group between the Department of Taxation and the restaurant industry to develop alternative models for auditing sales taxes, which create more predictability and transparency in the process without undermining the business requirement to collect and remit sales taxes.

In 2014, the CSI Office received 122 suggestions and requests for assistance. Tax issues constituted the largest category, with liquor issues, building permits, and tax credit issues also generating multiple requests.

Goal 3: Change the culture in agencies to be consistent with the CSI principles

Ultimately, the goal of the Common Sense Initiative is for state agencies to view their relationships with their business stakeholders as partnerships. As a result, this goal seeks to measure the degree to which agencies themselves are adopting the CSI principles. Metrics focus on both agency rulemaking and their independent initiatives to fulfill their regulatory duties while being business-friendly at the same time. **Appendix A** outlines a number of initiatives agencies have undertaken on their own to achieve these goals.

Goal 4: Communicate CSI’s successes to the public

Through social media, direct outreach, and working with the Small Business Advisory Council, the CSI Office seeks to communicate with Ohioans and Ohio businesses in as many ways as

possible. By communicating successes, this goal is focused on establishing credibility so Ohio's changing business climate will continue to be recognized by Ohio job creators. In 2014, the CSI Office compiled the following key metrics on its communication efforts:

- 499 Twitter followers and 275 Facebook "Likes"
- More than 140 speaking engagements to business-related groups
- 555 people signed up through the CSI web site to receive updates
- 5 meetings of the Small Business Advisory Council

From the beginning, communications have represented both an opportunity and a challenge for the CSI Office. In 2015, the CSI Office plans to develop a formal communication plan to better utilize the resources described above to communicate successes, but also to explain to businesses how the CSI Office can assist them and to solicit requests and suggestions from businesses.

Goal 5: Improve Ohio's business regulatory climate to promote a true balance between public safety and economic development

Reporting on this goal relies on as many statewide and national metrics as possible to evaluate the state of Ohio's economy and business climate. Recognizing that the Common Sense Initiative is just one aspect of the state's efforts in this area, we nonetheless believe that the efforts of the initiative must always be directed toward the overall goal of a regulatory environment that promotes economic development and contributes to the state's job creation efforts. There is no single metric that provides a complete picture of a state's economy or comparison with other states, but this report attempts to present a composite picture of where Ohio stands in this area. With more than 285,200 private sector jobs created and a state unemployment rate that has gone from 7.9 percent to 4.8 percent over the last four years, there is little doubt that Ohio's economy is improving. Moreover, most national benchmarks comparing state business climates show Ohio's as improving, although the rankings underscore the fact that there is still much work to do.

Goal 1: Develop a CSI process that is efficient, credible, and effective

2014 Measurables:

1. <u>Number of rules reviewed</u>	2,476
2. <u>Number of rule packages reviewed</u>	396
3. <u>Regulations Impacted by CSI Process</u>	
• Number of CSI recommendations issued	14
• Number of CSI rule packages tabled ²	20
• Total number of packages affected ³	157
• Changed during CSI process	62
• Changed in Early Stakeholder Outreach	131
• Number of revised BIAs received	105
• Number of rule packages rejected by CSI	0
4. <u>CSI review times (# of rule packages)</u>	
• 1-30 days	136 (34%)
• 30-60 days	151 (38%)
• 61+ days	109 (28%)
5. <u>Percentage of recommendations implemented</u>	100%
6. <u>Number of motions to invalidate by JCARR</u>	0
7. <u>Number of comments received through the electronic notification system</u>	3,185 ⁴
• % of rule packages with at least one comment	37.9%
8. <u>Number of business-impacting rules rescinded or amended</u>	1,398
• Rescinded	124
• Amended	1,274

² This measure tracks rule packages that after being submitted for review, were withdrawn or tabled due to questions or challenges from CSI staff. In some cases, the rules are permanently withdrawn, while in other cases they are put on hold while the agency reengages stakeholders and/or revises its rules or analysis to better justify their impact.

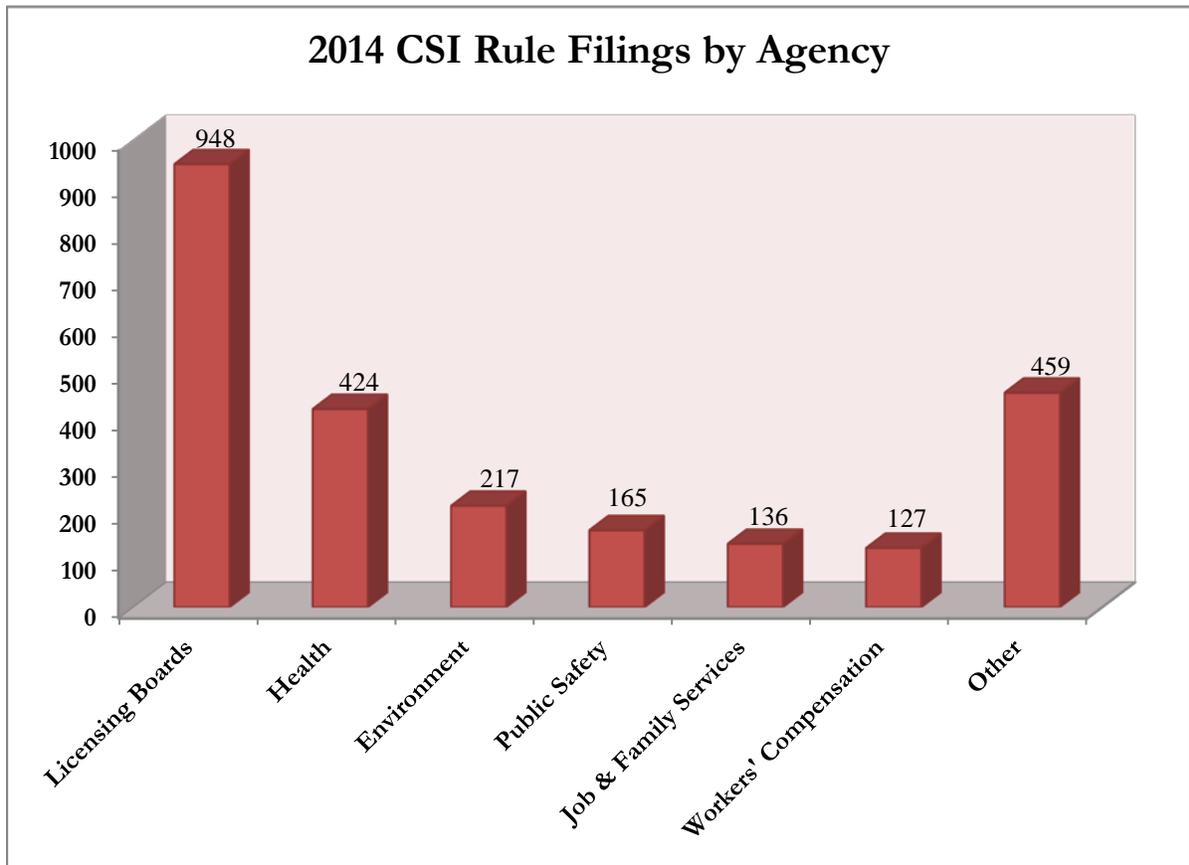
³ Some rule packages may change in both the early stakeholder outreach and the CSI review process. Therefore, the total number of packages affected may not sum.

⁴ This statistic includes two outliers, as about 2,360 comments – mostly form letters submitted through organized efforts – were received for just two Ohio EPA rule packages (pertaining to facility emergency/hazardous chemical inventory forms and primary drinking water standards). After adjusting for outliers, the 825 comments submitted represents a 129 percent increase over the similarly-adjusted number of comments submitted in 2013.

Analysis: Effective January 1, 2012, all proposed rules that impact business (new, amended, rescinded, and those being reviewed under Ohio’s five-year review requirement) are submitted to the CSI review process. In 2014, CSI reviewed 2,476 rules, which were presented in 396 rule packages. In previous reports, we have discussed an emphasis by both the CSI Office and the Joint Committee on Agency Rule Review (JCARR) to reduce a backlog in agency five-year rule reviews, which inherently drives more rule filings but also ensures that business regulations are subject to the CSI analysis. As expected, this emphasis drove more rules through the CSI review process in 2014. The 2,476 rules reviewed in 2014 compares with approximately 1,500 rules in both 2012 and 2013.

Table 1 highlights the rule reviews by agency. Just as in 2013, more than one-third of the rules reviewed by CSI in 2014 came from licensing boards and commissions.

Table 1



Within Goal 1, Measurable (3) is intended to reflect the interaction between CSI and state agencies, boards, and commissions submitting rule packages for review. Recommendations are issued by CSI in a formal memo and generally suggest revisions that the submitting agency

should make to the draft rules, or in some cases to its Business Impact Analysis (BIA). More than one-fourth of the packages submitted to CSI required the agencies to revise their BIAs, and 20 rule packages (comprising 244 individual rules) were tabled during the CSI review process due to questions or concerns raised by CSI and/or stakeholders.

The above numbers reflect the fact that the CSI process involves significant work with agencies to improve rules and agency justifications. Concerns about rules must be resolved by either changing the rules or better justifying their impact before they can move forward with the JCARR rule filing process. In previous years, CSI staff identified that the number of recommendations doesn't adequately reflect the impact of the CSI process on rules ultimately adopted, because most issues with rules are resolved during the CSI review and do not result in recommendations. Therefore, for the first time this report attempts to better reflect this impact by identifying the number of rule packages that changed either as a result of the early stakeholder outreach required by the CSI process, or within the CSI review itself. Approximately one-third of the rule packages reviewed by the CSI Office were impacted in these ways, leading to business rules that have more input from the stakeholders and that have been challenged and improved through CSI review.

In addition to improvements in the quality of the rules through the back-and-forth of the CSI process, CSI continues to track the outcome of rules after they complete their CSI reviews. To date, all recommendations from the CSI process have been implemented by the agencies, and JCARR has not attempted to invalidate a business-impacting rule that the CSI analysis determined was justified.

For the 396 total rule packages reviewed during this time period, 3,185 electronic comments were submitted by stakeholders. Two rule packages account for 2,360 of these comments. However, after removing these two outliers, the 825 remaining comments are still more than twice the number of comments (similarly adjusted to remove an outlier) submitted in 2013. In addition, the number of rule packages that received at least one comment increased from 32 percent in 2013 to 38 percent in 2014. Stakeholder participation in the rule review process continues to be an emphasis of the CSI Office, as the process is built on a foundation of involving stakeholders in the regulations that impact them. Although the data in 2014 shows a significant increase in participation, the CSI Office will continue outreach in an attempt to ensure that this trend continues.

For the first time, this report includes highlights from rule packages reviewed by the CSI Office in 2014. This section is intended to help illustrate both the way in which the rule review process works, as well as the way in which the CSI Office can impact rules beyond those reflected in the statistics described above.

Rule Review Highlights:

Automobile Dealer Hours of Operation – The Department of Public Safety submitted a rule package regulating used motor vehicle dealers, leasing motor vehicle dealers, and motor vehicle

auction owners. Among the provisions in the rules was a requirement that leasing dealerships operate a minimum of 30 hours per week, at least six of which had to occur Monday through Friday, from 7:00 a.m. to 5:00 p.m. After the association representing a number of leasing dealerships submitted comments objecting to this requirement, the CSI Office followed up and determined that the operating hours requirement would impose a significant hardship on small independent dealers, many of whom spend much of the week traveling to purchase vehicles and are therefore not open to the public. In addition, the dealers were able to demonstrate that there were no consumer protection concerns with operating outside of the rule's requirements. Therefore, the CSI Office recommended that the rule be amended and the operating hours provision was removed.

Tattoo Needle Sterilization – The Body Art industry expressed concern over proposed rules that required individualized sterilization of needles and other equipment. The standard within the tattoo industry is to use individually-packaged, pre-sterilized disposable needles, and the proposed rules would have significantly increased costs as well as the safety risks for employees and customers. The Ohio Department of Health (ODH) agreed that pre-sterilized, single-use needles are safer to the public, but the sterilization requirement was statutory in nature. The CSI Office worked with ODH to ensure a common sense application of the rule and successfully introduce a legislative amendment, resulting in both lower cost to the industry and improved safety through the use of individually packaged, pre-sterilized equipment.

Voluntary Action Program – The Ohio EPA's Voluntary Action Program (VAP) allows property owners and developers to evaluate and clean up contaminated properties and receive a release of liability from the state. As it engaged in the required five-year review of the VAP rules, Ohio EPA recognized that it needed to reach a broad group of stakeholders and devised a plan to ensure feedback was received and incorporated into the rules. More than a year before filing with the CSI Office, Ohio EPA allowed for a thirty-day public comment period and held five meetings around the state to discuss the program and associated rules. Throughout this process, Ohio EPA kept the CSI Office updated with any changes made and any issues raised during early stakeholder outreach. With a thorough and inclusive process, the VAP rulemaking demonstrates an agency understanding how its regulations can impact the everyday operations of businesses, and how a truly inclusive outreach process can lead to more consensus and superior rules.

Disposal of Controlled Substances – In the course of its review of a rule package of the Pharmacy Board, CSI identified a need for further discussion between Board staff and the Ohio EPA related to the disposal of the drugs received in collection boxes. As originally proposed by the Board, the rules listed incineration as the primary method of disposal, and required permission from the Ohio EPA (and the federal Drug Enforcement Agency) only when utilizing an alternative form of destruction. CSI identified a jurisdictional overlap regarding air quality emissions and recommended the Board consult with Ohio EPA about that particular proposal. As a result, the Board revised the rules to allow for a number of different destruction methods and to ensure that all applicable state and federal laws are observed.

Hearing Aid Rules – The Ohio Department of Health (ODH) drafted rules to regulate the disbursement of funds to assist lower-income families with the purchase of hearing aids for children under the age of 21. As initially drafted, the rules only allowed audiologists to participate in the program, excluding licensed hearing aid fitters and dealers. The CSI Office found that licensed hearing aid fitters and dealers’ scope of practice qualified them as a provider in this program. However, federal guidelines suggest children (age 18 and under) with hearing loss be directed to audiologists, whose training and experience qualify them to assist in the child’s evaluation and rehabilitation. Based on the rationale used to establish these guidelines, the CSI Office recommended Health include hearing aid fitters and dealers as eligible providers for children in the 18 to 21 age range only. This change was amended into the regulations.

Radiation Filing and Reporting – The Ohio Department of Health (ODH) regulates licensing requirements for use and possession of radioactive materials in Ohio. The CSI Office inquired about the costs associated with the environmental reports required for one specific license under this program. A licensee would be required to submit 125 paper copies of the environmental report to the agency for distribution. Although the circumstances triggering the need for an environmental report have never occurred in Ohio, ODH agreed that the requirement did not reflect changes in technology, and the requirement was deleted from the rule.

Accepted Forms of Payment – Recently-enacted Ohio law required state boards and commissions to streamline their licensing processes for veterans possessing relevant occupational training from the military. In proposing relevant rules, the Optometry Board proposed a requirement that the application fee be paid by a certified check, a cashier’s check or a money order. According to the Business Impact Analysis completed by the Board, the justification for this requirement was to prevent returned personal checks and that the requirement is part of the standard application process. The CSI Office questioned the need for such a requirement, undertook a review of the payment requirements of other licensing boards, and determined that no such special payment method was required of their applicants when submitting fees with an application. CSI recommended the Board accept other standard methods of payment for fees, and the Board agreed to amend the rule pursuant to the recommendation.

Goal 2: Impact a significant number of regulations based on the vision statement for the CSI Office

Discussion:

The CSI Strategic Plan included the following vision statement:

The work of the Common Sense Initiative (CSI) Office will be based on the following four principles:

1. Regulations should facilitate, not hinder, economic growth.
2. Regulations should be transparent and responsive.
3. Compliance should be as easy and inexpensive as possible.
4. Regulations should be enforced fairly and consistently.

The CSI Office operates along two tracks, and those tracks have different measures and different ways of impacting the business climate in Ohio. The formal rule review track is described and measured in Goal 1. Goal 2 describes the second track which asks businesses to provide input about the regulations that most directly impact their ability to operate, grow, and create jobs in Ohio. On this track, CSI activities may focus on assisting a single business (serving an ombuds function to help navigate the state bureaucracy), one industry sector, or a broader swath of the business community.

When it was first announced, the CSI Office experienced a heavy inflow of suggestions and requests for assistance. In 2011, CSI received more than 350 email submissions through either the CSI website or the CSIOhio@governor.ohio.gov email address. As time has passed, the volume of contacts coming in through that specific channel has leveled off. The total number of suggestions and requests for assistance totaled 122 in 2014. As has been noted in previous reports, the decrease in email submissions highlights the ongoing challenge of raising awareness of the CSI Office’s role and utilizing all available avenues – from face-to-face communication to social media – to identify issues facing businesses.

Previous reports have also established that the second track of CSI operations is less quantifiable in terms of the number of regulations impacted. Reporting has focused on communicating stories of CSI successes to demonstrate change to the business community. The intent was that if significant, the cumulative effect of these “success stories” would help change the perception of Ohio’s regulatory climate, make regulatory successes more accessible to the public, and show the impact of CSI in more tangible terms. Throughout its existence, these success stories have served to define the CSI operations and impact. As such, the success of Goal 2 includes a discussion of specific regulatory initiatives, along with specified measurables.

2014 CSI Initiatives

Restaurant Sales Tax Audits – In Ohio, restaurants are required to tax food purchases that are consumed on-site, but not purchases made for consumption off-site. As a result, business owners can face significant liability if their employees are not appropriately asking their customers if the food is “for here or to go,” and there is no definitive way to identify after-the-fact whether the appropriate tax was collected. The CSI Office worked with the Department of Taxation and a working group of industry stakeholders over a period of more than a year to work through ideas to make the audit process more predictable and understandable, and to give business owners tools to better demonstrate to the state that they are following the law. The resulting report from the Department⁵ helps achieve the balance CSI sought and represents a model for future collaborations between CSI, state agencies, and industry stakeholders.

Unemployment Compliance Audit – A business that provides management services for various independent companies had one of its independent affiliates undergo an audit for compliance with Unemployment Compensation laws. The auditor determined that certain employees were misclassified from a payroll perspective, and the companies became subject to contributions and forfeitures totaling nearly \$38,000. The management group contacted CSI for help. CSI worked with the Ohio Department of Job & Family Services, which agreed to review the audit findings. In less than a week, the Department determined that the assessments were erroneous (except for one the company agreed with), and the \$38,000 assessments were reduced to \$500.

InvestOhio Tax Credit Processing – An accounting firm contacted CSI to express concerns with the processing of InvestOhio tax credits, specifically with the length of time it was taking for certificates to be reviewed and approved. The slow review times were negatively impacting the firm’s ability to assist clients on tax planning. Additionally, the firm sought informational guidance on applying the Small Business Tax Credit, which impacted the applicability of other tax credit programs such as InvestOhio. CSI contacted senior staff at the Ohio Development Services Agency (ODSA) and held a joint conference call with the accounting firm. The tax credit applications were subsequently reviewed and processed within ten business days. ODSA also worked with the Department of Taxation to provide the firm with guidance on the application of the Small Business Tax Credit.

Drug Distribution License Renewal – A manufacturing company was attempting to renew its Terminal Distributor of Dangerous Drugs license to purchase vaccinations to administer to its employees. The firm had undergone a corporate transaction that resulted in a new corporate parent and name. It had timely submitted the renewal form documenting the name change six weeks previously, and had had its drug handling protocols approved. Without renewal of the license, the company would be unable to purchase vaccines to provide to its employees. CSI worked with the Pharmacy Board which was able to activate the firm’s license the same day. The Board also emailed a copy of the license so the company could order the vaccinations immediately rather than wait for physical delivery of the license.

⁵ <http://www.tax.ohio.gov/Portals/0/communications/QSR%20REPORT%20FINAL.pdf>

Union Employment FAQ – In a meeting with representatives of building trades in Northwest Ohio, Lt. Governor Taylor learned about a concern with the requirements that a union member receiving unemployment benefits be verified to be in good standing with a union. This provision serves as an exception to the general work search requirements of persons receiving unemployment compensation. However, the union representatives described confusion about specific logistical elements of the union verification, which proved to be burdensome in practice. In order to understand the issues, CSI facilitated a meeting between several of the impacted unions and staff from the Unemployment Compensation office at the Ohio Department of Job & Family Services (ODJFS). During the meeting, ODJFS and the unions worked to resolve any misunderstandings about the process. ODJFS also amended policies to allow for more flexibilities in processing the "good standing" paperwork. Finally, ODJFS developed a website detailing frequently asked questions by unions.

Nail Salon Building Permit – A business owner constructing a nail salon contacted CSI regarding Ohio Building Code requirements. The owner stated that the Code required gender-specific restrooms for both men and women, despite the expectation that the business' client base would be overwhelmingly female. This requirement would create an additional capital expense and would take up valuable facility space, with little expected use. CSI involved the Ohio Division of Industrial Compliance, which agreed to walk the owner through the process of requesting a variance from the Building Code requirement.

Chemical Handling Compliance – A printing company contacted CSI regarding the requirements surrounding its use of a chemical solvent to clean its printing plates. Following an inspection, an Ohio EPA inspector requested the company provide laboratory test results of the chemical solvent to determine whether the handling of the solvent was in compliance with Ohio law. The laboratory test was performed and a summary of the results sent to the Ohio EPA. Due to the technical nature of testing for this specific substance, the summary was insufficiently detailed for the Ohio EPA to find that the printing company was in compliance. The company expressed frustration about the additional requirement and concern that the state would continually "move the target" and avoid resolution of the issue. After discussions with both parties, CSI advised the company to submit all relevant test data resulting from the laboratory test to Ohio EPA rather than only the summary, which it did. When provided with all of the relevant data, the Ohio EPA determined that the company was in compliance with Ohio law.

Building Permit Approval – The CSI Office was contacted by an architectural firm working on the design of a technical training center for workers in the oil and gas industry. According to the architects, the project was experiencing delays in having building permits reviewed and approved. CSI contacted the Department of Commerce and learned that there was certain specified information the Department was waiting to receive from the architectural firm. The CSI Office was able to clarify and obtain the information needed by the Department and within three business days of the initial contact with CSI, the Department provided the firm with partial approvals for necessary underground, slab, and foundation permits.

English Proficiency Requirement – CSI was contacted regarding a statutory requirement that created unintended burdens for persons applying for certification to practice as an Eastern medicine practitioner or acupuncturist. The Ohio Revised Code required all applicants to complete a spoken English proficiency test, including applicants born and raised in the U.S. for whom English was their native tongue. With the assistance of the CSI Office, this statutory requirement was revised and became effective in March, so that applicants now have multiple (less burdensome) options for demonstrating proficiency in spoken English.

Contract Billing Dispute – A firm in Southwest Ohio contracted with the state in 2011 to provide a series of classes and one-on-one counseling for individuals in arrears on child support payments as part of a special program by the Ohio Commission on Fatherhood. Although earlier invoices were accepted and processed as submitted, invoices submitted by the firm in late 2012 were returned requesting additional supporting documentation. Dialogue between the firm and the state continued through 2013 while the firm worked to provide the requested additional information. In early 2014, the firm was informed that the original purchase order authorizing payment for the contract had expired, and that consequently no payment could be made on the outstanding invoices totaling a little over \$9,400. The company contacted CSI, which took the matter up with the Ohio Department of Job & Family Services (ODJFS). After reviewing the details of the dispute, ODJFS determined that payment was warranted and paid the invoice within two weeks.

Unemployment Premium Calculation – CSI was contacted by a steel company in Western Ohio regarding a change in its unemployment compensation premium caused by its acquisition of another company. According to the business, which employed roughly 220 persons prior to the acquisition, its recent purchase of a smaller firm with roughly 40 employees caused its unemployment liability to double, which it believed was excessive for the circumstances of the two companies. CSI reached out to the Ohio Department of Job & Family Services and after looking into the issue, the Department discussed details of the acquisition with the company and subsequently determined that errors had been made in calculating the new premium rate. As a result of the discussion, the unemployment liability rate was significantly reduced.

Motorsports Track Licensure – In order to understand how motorsports park should be regulated, a local board of health requested the Ohio Department of Health (ODH) to review legislative language and activity at the facility. As a result of this review, ODH classified the activity as a "campground," which would require the facility to obtain a campground license and demonstrate compliance with a number of specific regulations that didn't necessarily apply to the activities taking place at the park. Through its legislators, the motorsports park reached out to the CSI Office. CSI staff facilitated a meeting at the motorsports park with the park owner, ODH staff, and local officials. In the meeting, it was determined that the facility's activity did not present a public health or safety risk. As a result, legislative language was developed that had consensus agreement and exempts the type of activity at the motorsports park from campground licensing requirements. The language was signed into law by the Governor in December 2014.

Measurables:

1. Number of regulatory suggestions received through CSI contacts

In 2014, the CSI Office received 122 suggestions and requests for assistance either directly through the CSI web site or the CSIOhio@governor.ohio.gov email address, or indirectly via referral. Tax issues constituted the largest segment at 6 percent, although it bears noting that there was no common strand across the wide variety of tax issues raised. Matters involving liquor and alcohol, building permits, tax credit programs, and opioid addiction treatment all tied as the next largest components at 5 percent each. See Goal 3 for more information about specific topic areas.

2. Jobs created or retained/dollars saved

As evidenced in the initiatives described above, there is often a lag time between when CSI is able to initiate change and when specific statistics on job creation/retention or dollars saved are able to be measured. In some cases, a number of factors combine to make it difficult to attribute any specific numbers to CSI actions. However, it must continue to be a priority to revisit these issues and, where appropriate, quantify the impact of CSI actions. Below are examples of data gleaned from CSI initiatives in 2014 (the stories are explained in more detail above):

- Unemployment Compliance Audit – At the request of CSI, ODJFS agreed to review its auditor’s findings and the assessments of \$38,000 were reduced to \$500.
- Contract Billing Dispute – After the CSI Office intervened, the child support counseling company received payments of more than \$9,400 that had been invoiced but unpaid.

Goal 3: Change the culture in agencies to be consistent with the CSI principles

Description: Improving regulation is as much about attitude as it is about any specific regulation. A major effort of CSI has been to incorporate the CSI values within the agencies themselves so that regulators are practicing these values in their daily activities. Just as the regulatory processes will be more effective through compliance than through enforcement, the CSI process will be more effective if it becomes a part of the agency cultures than if it relies on the CSI Office to “fix” regulations.

Measurables:

1. CSI initiatives by agencies independent of CSI Office

The CSI process allows agencies to initiate improvements to their regulations on their own. While the CSI Office does not have to manage every CSI initiative, agencies have been asked to report on those initiatives so CSI efforts occurring organically within the agencies can be catalogued. The CSI Office has received information from a number of agencies about specific CSI initiatives they have undertaken (see **Appendix A**).

2. Compliance among agencies

Draft rules and Business Impact Analyses should address unnecessary business impacts prior to being submitted for review. As such, tracking the number of CSI recommendations will help identify whether this understanding is occurring or not. For 2014, the following are some key statistics from the rule review process demonstrating agency compliance:

	<u>2013</u>	<u>2014</u>
CSI Recommendations:	22	14
Rule Packages Rejected by CSI:	2	0
Rule Packages Tabled:	7	20
Revised Business Impact Analyses:	101	105

These statistics show that the rule review process has involved significant back-and-forth with agencies to meet CSI expectations. This is especially true in the area of revised Business Impact Analyses, which may not necessarily indicate problems with the regulations being proposed. Instead, this number shows that agencies are being required to think about and better justify their proposals. Holding agencies accountable for sufficiently articulating the need for a regulation, the impact of that regulation, and why it’s justified is an important part of the CSI process. While the number of revised BIAs is still significant – approximately 25 percent of the rule packages filed in 2014 – this number is down from more than one-third of the rule packages submitted in 2012, perhaps indicating an improved understanding of the CSI expectations by agencies.

3. Public comments

Although not a scientific measure, the frequency of public complaints about a specific regulation or a specific agency provides some indication of the agency’s relationship with its stakeholders. Tracking the suggestions and complaints received by the CSI Office helps

identify the degree to which each agency is incorporating the CSI principles into its regular operations.

Of all the various suggestions and requests for assistance CSI received in 2014, the following subject matters comprised the highest percentage of CSI contacts:⁶

- | | | | |
|-----------------------|----|---------------------------------|----|
| • Taxes | 6% | • Opioid Addiction Treatment | 5% |
| • Liquor Permitting | 5% | • Unemployment Compensation | 3% |
| • Building Permits | 5% | • Doing Business with the State | 3% |
| • Tax Credit Programs | 5% | | |

From a percentage basis, the biggest change from year-end 2013 figures is the decrease in contacts involving liquor permitting and unemployment compensation, and the appearance of issues regarding the state’s various tax credit programs and opioid addiction treatment. The appearance of opioid addiction treatment contacts resulted from the establishment of new rules put in place to address prescription painkiller abuse.

⁶ The above tabulation does not include messages auto-generated by clicking a button on an issue advocacy website. The legislative debate regarding the renewable energy standards in SB 310 spawned more than 1,350 such auto-messages. While such messages are a legitimate manner to convey an opinion, when generated as part of the legislative process they are beyond the scope of the executive branch function performed by CSI.

Goal 4: Communicate CSI’s successes to the public

Description: Perception is reality, and the perception of Ohio’s regulatory climate influences the state’s ability to attract and retain jobs. As a result, it is important that the CSI Office effectively communicate about its actions so stakeholders have an accurate perception of Ohio’s regulations. Communication flowing in both directions is critical to the success of the initiative.

The CSI website (www.governor.ohio.gov/CSI) is intended to facilitate more public input into the regulatory process. Rule packages under review in the CSI Office are updated online to include the Business Impact Analysis (BIA), the comment period time frame, CSI’s recommendation, the agency response, and a link to allow the public to comment on each package. Visitors to the website also have access to a fact sheet about CSI with updated statistics, the CSI Office Strategic Plan, annual and semi-annual reports, a blank BIA form, and information about the Small Business Advisory Council.

The CSI Office compiles a “Week in Review” document, highlighting the office’s activities and information about rule packages under review. The Week in Review is posted on the website on Fridays and is promoted via social media. CSI attempts to utilize social media to engage users and regularly communicate with businesses and individuals impacted by regulations, although the outreach in 2014 lagged similar efforts that had grown in prior years. The measurables in this report – such as public comments submitted for rules and submission of business concerns to the office – paint a mixed picture about the degree to which the business community and other stakeholders are becoming aware of CSI and the opportunities to utilize the initiative. However, in evaluating the use of the communication tools available to the CSI Office, the need for increased and sustained focus in this area is clear.

In 2015, the CSI Office plans to develop a formal communications plan in order to drive activity in social media, press releases, and communication to Ohio businesses both directly and through business associations. The measurables below describe an infrastructure for communicating CSI successes as well as helping businesses understand how they can utilize the resource that the CSI Office has become. However, they also reflect the need for the Office to use this infrastructure more effectively.

Measurables:

1. Social media statistics

The CSI Office maintains both a Twitter account (@CSI_Ohio) and a Facebook account (CommonSenseInitiative). At the end of 2014, CSI had earned 499 followers on Twitter (up from 417 at the end of 2013) and 275 “Likes” on Facebook (up from 217). CSI sent out 44 tweets in 2014 (down from 82 in 2013). CSI has used social media to help inform the public about noteworthy rule submissions, comment period deadlines, and CSI recommendations; as well as to share the Week in Review document and other information related to the operations of the office.

Despite these numbers, the majority of CSI’s social media activity occurred in the first half of the year. A goal for 2015 and beyond is to use social media and other communication tools more consistently to better share information about CSI activities, and to hear from businesses about opportunities to engage on regulatory issues.

2. Number of speaking engagements to deliver the message about regulatory reform
In 2014, Lt. Governor Taylor spoke to public groups 20 times about the Common Sense Initiative and regulatory reform, including chambers of commerce, business roundtables, rotary clubs, and other groups. CSI staff spoke to an additional 121 similar public groups.
3. Number of people signed up to receive CSI updates
Through 2014, 555 people have signed up through the CSI website to receive updates.
4. Small Business Advisory Council
Executive Order 2011-01K authorized the Lt. Governor to establish a Small Business Advisory Council to offer the Lt. Governor the perspectives of the small business community and provide guidance into the mission and direction of the CSI Office. The Council roster is provided in **Appendix B**. The Small Business Advisory Council is codified in Ohio Revised Code section 107.63 and is required to meet at least quarterly. It met five times in 2014.

At its 2014 meetings, in addition to specific CSI-related information, the Council heard from Cabinet directors and agency senior staff on major state issues that affect small businesses, including:

Mineral Resource Development

The Council was provided an update on the development underway in the shale deposits in Eastern Ohio by staff from the Ohio Department of Natural Resources Division of Oil and Gas Resources. As part of the emphasis on strong oversight, ODNR staff noted that the Division was hiring on-staff engineers for the first time, and that staff headcount had tripled in the past two years in advance of regulatory revenue and fees supported by oil and gas extraction. Two factors that were noted as constraints on Ohio production were the availability of processing facilities and midstream pipeline transport. It was noted that Ohio regulators had benefitted from discussions with units of government and developers in other states, using their previous experiences in development and oversight to lower the learning curve here in Ohio.

Flexible Incentivized Regulatory Oversight

The Director for the Department of Commerce met with the Council to provide an overview of the business issues the Department oversees and the Ohio Business Compliance Initiative (“OBCI”) it was pursuing. Citing the Department’s approximately 600,000 actions per year on licenses or permits, the Director noted that all licensees are treated identically regardless of their respective past compliance histories. Using the annual fire inspections of hotels as an example, he noted that 40 percent of hotel owners

routinely pass their compliance inspection on the first-attempt, yet are treated the same as hotel owners that require multiple inspections before attaining compliance. The goal of the OBCI is to incentivize compliance without lowering or reducing public safety standards. The statutory changes being pursued by Commerce would authorize it to develop rules for the initiative. As an illustrative example, the rules potentially could reduce fees for the inspection and licensing of businesses with a history of ongoing compliance, or, alternatively, might lengthen the period between license renewals contingent on continued compliance.

Workforce Development

The Governor’s Office of Workforce Transformation provided an update on its ongoing efforts to streamline and synergize the 91 different job development programs currently administered by 13 various state agencies. This involves continuing to identify and summarize workforce needs; align education and training to meet those needs; and retool the existing workforce programs accordingly. As part of those efforts, the Office was working to finalize a methodology to combine job forecast results with job posting trends to identify positions most in-demand, with plans to highlight those opportunities to education and training partners and industry workforce groups; the goal being to right-size labor skills and supply with employer demands. Also discussed were the efforts to leverage the existing skill sets of veterans by mapping professional skills they acquired in the military to existing professional licensing requirements and streamlining state licensing processes accordingly.

Supporting Small Business Creation and Development

The Council, Women’s Small Business Accelerator and Ohio Development Services Agency held a roundtable discussion on the challenges in providing effective assistance services to the small business community. Three recurring themes were identified through the discussion. First, simply identifying and cataloguing the sheer number of different government, private, and non-profit entities that offer business development resources is a significant obstacle in being able to ultimately direct a business to the resource best-suited to meeting its unique needs. Second, with so many entities providing small business development resources, the marketing to drive awareness of available resources into the small business community is balkanized and uncoordinated. Finally, the Ohio Business Gateway currently lacks certain functionalities critical in better leveraging that platform as a portal for improving the ease of doing business in Ohio, including locating business development assistance resources.

Workers’ Compensation

The Council met with senior staff of the Bureau of Workers’ Compensation, who provided an overview of the Bureau’s proposal to the BWC Board of Directors to provide another \$1 billion rebate for private employers and public-taxing districts. As a result of the Bureau’s investments continuing to perform well above expectations, the proposed rebate would equal 60 percent of an employer’s annual premium, with checks to be distributed starting in October 2014. The Bureau representatives also provided an

overview of new workplace safety programs and additional funding totaling \$35 million. Items highlighted included:

- Safety Intervention Grant Program: This \$15 million program provides matching funds, up to \$40,000, for employers to purchase equipment that will reduce or eliminate injuries and illness.
- Safety Curricula and Funding for Skilled Labor Training Programs: The Bureau will collaborate with business, labor, and higher education to create, implement, and fund safety training curricula as part of the required training for higher-risk skilled trades such as welding, carpentry, and plumbing.

Unemployment Tax Assessment

The Ohio Department of Jobs and Family Services provided the Council historical context regarding the federal unemployment tax assessment and state unemployment tax assessment (“FUTA” and “SUTA,” respectively), and the public policy objectives that drove the development of the unemployment compensation system. Additionally, the issues that necessitated a federal loan to maintain the solvency of the program during the Great Recession, and the structural deficits built into the current mechanisms were also discussed.

The Council also met with senior staff from the Ohio Department of Insurance and JobsOhio to hear topics covering the Affordable Care Act and economic development.

Goal 5: Improve Ohio’s business regulatory climate to promote a true balance between public safety and economic development

Description: As described in previous reports, this goal is important but may also be the most difficult to measure. Regulatory reform is but one piece of the state’s overall economic development efforts and by itself does not drive Ohio’s economic performance. However, there are performance indicators that can help identify whether CSI is having an impact, and the CSI Office will constantly seek to identify additional measures that can help judge the overall impact of its efforts. Understanding and tracking where Ohio stands, the role that regulations play in the perception of our state, and any impact of CSI on that perception are important measures to guide our operations.

Measurables:

Unemployment Rate (Ohio):

- December 2011 – 7.9%
- December 2012 – 6.7%
- December 2013 – 7.2%
- **December 2014 – 4.8%**

(Source: Ohio Labor Market Information – www.ohiolmi.com)

Unemployment Rate (National):

- December 2011 – 8.5%
- December 2012 – 7.8%
- December 2013 – 6.7%
- **December 2014 – 5.6%**

(Source: Ohio Labor Market Information – www.ohiolmi.com)

Private Investment Projects

- 2010 – 304 projects totaling approximately \$4.8 billion and 16,341 jobs created
- 2011 – 468 projects totaling approximately \$6.5 billion and 28,213 jobs created
- 2012 – 456 projects totaling approximately \$7.5 billion and 26,886 jobs created
- **2013 – 409 projects totaling approximately \$6.0 billion and 20,686 jobs created**
(Most Recent Data)

Note: Qualifying projects involve minimum \$1 million investment, 20,000 square feet, or 50 jobs. (Source: Ohio Development Services Agency)

Forbes Best States for Business and Careers

- | | |
|--|--|
| • 2011 Ohio Overall – 38 th | • 2011 Ohio Regulatory Climate – 10 th |
| • 2012 Ohio Overall – 33 rd | • 2012 Ohio Regulatory Climate – 16 th |
| • 2013 Ohio Overall – 29 th | • 2013 Ohio Regulatory Climate – 7 th |
| • 2014 Ohio Overall – 26th | • 2014 Ohio Regulatory Climate – 6th |

Site Selection Top State Business Climate Rankings

	2011	2012	2013	2014
Overall	9 th	2 nd	4 th	5 th
Executive Survey Rank	8 th	9 th	10 th	9 th
Competitiveness Rank	10 th	3 rd	6 th	9 th
New Plant Rank	2 nd	1 st	2 nd	6 th

Chief Executive Magazine Best & Worst States for Business

2011	Ohio Overall – 41 st	Ohio Taxation and Regulation ⁷ – 4.00
2012	Ohio Overall – 35 th	Ohio Taxation and Regulation – 4.25
2013	Ohio Overall – 22 nd	Ohio Taxation and Regulation – 5.31
2014	Ohio Overall – 27 th	Ohio Taxation and Regulation – 5.49

CNBC’s America’s Top States for Business

2011	Ohio Overall – 23 rd	Ohio Business Friendliness – 42 nd
2012	Ohio Overall – 25 th	Ohio Business Friendliness – 37 th
2013	Ohio Overall – 28 th	Ohio Business Friendliness – 33 rd
2014	Ohio Overall – 18 th	Ohio Business Friendliness – 33 rd

⁷ Chief Executive Magazine asked CEOs to rate the states using a 1-10 scale, with 10 = outstanding, 5 = average and 1 = poor. Areas comprising the “Taxation and Regulations” category are: State income tax and corporate tax rates; Perceived attitude of government to business; Degree of employment compliance regulations; Degree of environmental compliance regulations; and Tax incentives for locating in this state.

APPENDIX A: EXAMPLES OF AGENCY CSI INITIATIVES

Ohio Department of Administrative Services

- **MBE applications processed faster (coordinated with Development Services Agency)**
Applications for Minority Business Enterprise (MBE) certification are being processed faster and more efficiently than ever before. Historically, processing a certification could take up to 90 days. Currently, it takes an average of 19 days for certification and a new “fast track” system reduces priority applications to five days. This fast-tracking system was implemented by the Ohio Department of Administrative Services in conjunction with the Minority Business Assistance Centers operated by the Ohio Development Services Agency.

Ohio Department of Aging

- **Procurement** – The Department changed its rules to simplify the regulations on procuring goods and services by area agencies on aging (AAA) and community-based long-term care service providers (providers). The rules eliminate the need for AAAs to only use the sealed-bidding method, and provide clarification that other bidding methods, including the small-purchase method, are allowed. Federal law allows AAAs to use the small-purchase method for services that cost less than \$100,000. This change will reduce costs for both AAAs and providers.

Ohio Bureau of Workers’ Compensation

- The Bureau provided \$1 billion in rebates to Ohio private employers and local governments, bringing BWC rebates to Ohio employers to more than \$2 billion over the last two years.
- Reduced private employer base rates in 2014 by 6.3 percent, bringing combined rate collections over four years down by \$409 million.
- Reduced local government base rates by 9.1 percent, resulting in a total decrease of nearly 20 percent since 2011, and bringing average rates to their lowest level in more than 30 years.
- Increased BWC’s commitment to safety and created several new initiatives that leverage BWC’s expertise to create innovative solutions for improving the safety, health and wellness of Ohio’s workforce:
 - Again expanded funding for the Safety Grants Program after a record breaking year with 535 employers taking advantage of \$15 million in grant funding in 2013. Due to the significant popularity of the program, which helps employers purchase equipment to reduce workplace injuries, BWC approved another \$15 million for the program, and committed to allocating an additional \$15 million for each of the next two years (fiscal years 2016 and 2017).
 - New and innovative safety initiatives including an advanced workplace safety and health research to practice program; expansion of the Safety Council Program to incorporate health and wellness; a partnership with Ohio Emergency Medical Services and the State Fire Marshal to fund additional training for firefighters to improve their safety, preparedness and response time during emergencies; and the development of safety curricula and funding for skilled labor training programs.

- Held a healthcare summit to explore paths toward a more injured worker focused approach that supports better coordination of their care.

Ohio Department of Commerce

- Ohio Business Compliance Incentive (OBCI) – In 2014, Governor John R. Kasich signed HB 486 which included the creation of the Ohio Business Compliance Incentive program which is a transformative approach to regulation. Developed by the Ohio Department of Commerce, this program will encourage compliance with regulations while safeguarding Ohioans and will continue to allow the Department of Commerce to hold businesses accountable, while recognizing and incentivizing those who are consistently compliant. By recognizing and rewarding compliant businesses, this achieves the goal of getting government out of the way of successful and responsible businesses and allows a shift of government resources to focus on the fringe actors who are not compliant.
 - **Operation Safe Stay**
The Division of State Fire Marshal inspects and licenses nearly 1,600 hotels and motels in Ohio annually. More than 40 percent of those inspected are fully compliant during the first inspection and do not require follow-up inspections. This program would publically designate those hotels that consistently meet the highest level of Ohio Fire Code-based fire and life safety standards and Ohio Revised Code based sanitary guidelines as a Safe Stay hotel.
 - **Compliant Contractor Program**
Another incentive program through OBCI would be offered through the Ohio Construction Industry Licensing Board (OCILB). Incentives may include a reduction in the number of required continuing education hours and the ability to renew their licenses every three years instead of annually.

Ohio Development Services Agency

- **Faster Processing of Applications:** The Agency is transitioning program applications to online applications allowing for quicker review and processing; the information is easily updated in internal tracking systems.
- **Centralized Annual Reports:** Allows companies and consultants responsible for submitting annual reports for multiple projects to access them in a centralized portal. Also, businesses responsible for completing annual reports can now submit them electronically. This resulted in improved monitoring of state commitments.
- **Wider Access to Customers:** Easy Program Finder is the Agency's new online tool that allows customers to easily find detailed information about our more than 70 programs that help entrepreneurs, businesses and communities.
- **Loan Action Working Group:** The Agency instituted a working group that meets weekly to work through loan modifications and other requests from borrowers. The process is a linear, logical progression and streamlined to provide efficiency with a quick response to the borrower. This ensures that all loans are treated consistently and improved accountability for taxpayer dollars.

- Faster Minority Business Certification: see discussion under Department of Administrative Services.
- Job Creation and Job Retention Tax Credit: The Agency is working with the Department of Taxation to more efficiently verify that a company has met its job commitments. This change makes the sharing of tax information between two State agencies more transparent and streamlined. Now, companies that have earned tax certificates can receive them faster and taxpayer dollars are better protected.

Ohio Environmental Protection Agency

- On-line fee pay: Ohio EPA expanded its online payment system to include 36 fees that can now be paid online with a credit card or by debiting a checking or savings account through the Automated Clearing House (ACH).
- Ohio EPA's Division of Materials and Waste Management launched a new eDocument-based system for internal review and processing of hazardous waste modification and renewal permits. This new system is an electronic document routing system that improves review/process times, cost-savings over the previous paper-based process, and allows faster access to permits that are issued by the director.
- Ohio EPA expanded Operator Certification testing for waste water and drinking water treatment system operators by approving and utilizing third party exam providers, thereby making the exams available year round in five locations throughout the state.

Ohio Department of Health

- Ohio Women, Infants & Children Program (WIC)
The Ohio WIC program piloted Electronic Benefits Transfer (EBT) in five counties in 2014, and, based upon its success, is moving up the 2015 statewide expansion by four months. EBT replaces the paper benefit system, in which WIC participants' food benefits are printed on paper coupons. With EBT, WIC benefits for a family are issued to a smartcard which can be used much like a credit or debit card in authorized retail locations, making for a much more efficient and satisfactory shopping experience for both retailers and participants. It also significantly improves vendor cash flow because with EBT retailers are paid for their WIC claims within days rather than weeks.
- Other WIC business-friendly initiatives include:
 - WIC offers existing vendors with a good history of compliance the potential to pay a civil money penalty and come into compliance rather than suffer a full denial of contract renewal should it fall short of future contracting requirements.
 - Currently authorized vendors can add a new store location to their existing contract at any time, and new vendors who missed the contracting deadline for their region may now apply for the upcoming contracting period regardless of their location.
- Environmental Abatement – The ODH Environmental Abatement Section developed an Electronic Project Inspection Report for both its asbestos and lead abatement programs. This report contains the same basic information that is found in past paper report forms but ODH inspectors are now able to enter the project inspection information into hand held mobile

devices onsite. All new certification cards now have a barcode containing the certified person's name and card number which is scanned into the report on site by the ODH inspector. At the completion of the inspection the report is signed electronically on site by both the Asbestos Hazard Abatement Specialist and the ODH inspector. The report is then emailed to the contractor using the email address that was submitted in their current contactor application. At the same time the report is emailed to the contractor, it is also be uploaded directly into the ODH database eliminating the need for data entry. The use of the electronic inspection report has increased efficiency both at the project site and in the office.

- **Radiological Assay** – The Bureau of Radiation Protection (BRP) released a guidance listing the acceptable analytical methods for assaying radiological waste generated by hydraulic fracturing. The document includes alternate analytical methods that save time and money by reducing the assay turnaround time to same-day from 21 days. This allows the industry to quickly determine if the waste can be safely disposed in a solid waste landfill rather than sitting backlogged for three weeks waiting for results.
- **Radon Mitigation Licensing** – As a result of rule revisions and increased use by licensees of the on-line licensing system, the Bureau of Radiation Protection has reduced the license renewal approval time to an average of 3 days (some same-day approvals). Historical review times were as long as 2-3 weeks.
- **Maternity Unit and Home Licensing** – The Bureau of Licensure Operations and Bureau of Community Health Care completed the transition for maternity unit and home licenses from an annual renewal to a triennial renewal. This will help to reduce the costs on both the provider and agency and ease the administrative paperwork burden.

Ohio Department of Insurance

- The Department transitioned its system of record for company information from the outdated COSMOS system to the new Ohio Department of Insurance Information System (ODIIS). ODIIS has significant capabilities in financial transactions processing, data management, business process management, and privacy and security. In addition to using a cutting edge array of technology, ODIIS provides opportunities to help Insurance interface with other state and federal organizations. It also creates mechanisms for streamlining processes that lead to greater efficiencies for the department, insurers, and consumers.
- An amended rule took effect in Ohio on June 30, 2014 that reduced the agent appointment fee by 25 percent, from \$20 to \$15, resulting in an expected \$11.3 million in reduced annual costs.

Ohio Department of Mental Health and Addiction Services

- In 2014, the Department of Mental Health and Addiction Services eliminated four rules and a cost reporting requirement that burdened all providers. The cost reports were an outdated requirement and no longer used at the state level.
- The Department also updated a rule that set financial requirements for local-level boards. This rule had not been updated in some time and placed burdens on both the boards and the providers that worked with those boards. The rule was updated to reflect current events and statutory requirements.

Ohio Department of Taxation

- **Tax Overpayment Refunds**

Since discovering and changing the old policy of not proactively refunding tax overpayments to businesses if the business did not request a refund, the Ohio Department of Taxation (ODT) conducted a thorough analysis and identified almost \$34 million in overpaid business taxes that belonged to taxpayers. To correct this issue, ODT made it a priority to refund all the money owed with interest, and to date has returned over \$30 million to business taxpayers and continues to work on refunding the remaining balance. The Department also pushed for changes to Ohio law so as to prevent future administrations from reverting to the old practice. With the enactment of Senate Bill 263, Ohio permanently abolished the long-time anti-business practice, effectively giving the Department the tools and authority to quickly resolve business tax overpayments, ensuring that business and individual taxpayers are treated equitably in the future. As a result of ODT's efforts, Ohio law now requires ODT to proactively refund businesses all taxes they are owed and removes the burden from the taxpayer.

- **Prearranged Agreements**

House Bill 483 made several modifications to the procedure that the Tax Commissioner and a vendor use for the remittance of sales tax on the basis of a prearranged agreement. The legislation removed the requirement that the Tax Commissioner had to find the vendor's maintenance of sales tax records imposed an unreasonable burden on the vendor's business, prior to entering into a prearranged agreement. Any vendor can now submit the request. It also provides the Tax Commissioner and vendor more flexibility in determining the proportion of sales that are taxable by no longer requiring a test check. The vendor and Tax Commissioner are now able to mutually agree on the method used to arrive at the proportion of taxable sales for purposes of the prearranged agreement. These changes help to streamline the prearranged agreement procedure and enable vendors to better comply with sales tax remittance on a day-to-day basis.

- **Quick Serve Restaurant Compliance Program**

In July 2014, ODT conducted a webinar for the quick-service restaurant (QSR) industry which covered sales- and use-tax basics. The webinar's objective was to help educate QSR owners and employees about their responsibilities pertaining to the collection and remittance of Ohio's sales tax. The webinar serves as one piece of the Restaurant Compliance Program that was created based on ideas from meetings with the QSR industry and other interested parties. The Restaurant Compliance Program is intended to assist QSR owners in complying with their legal requirements, thereby reducing chances of an audit.

- **County Auditor Portal Improves Process for Issuing Vendor Licenses**

The State Taxation Accounting and Revenue System (STARS) software project not only makes ODT more efficient, but it also improves processes at other levels of government. For example, STARS has streamlined the vendor's license process for all 88 counties and ODT through the implementation of a new web portal. This gives county auditors direct access to the information required to issue a vendor's license, plus additional search and reporting

capabilities. A county auditor can now issue a vendor's license in real-time while the customer waits; the old process was paper-driven with a turn-around time of about ten days.

- Free Webinars on Tax Law through the Ohio Virtual Tax Academy

The Ohio Virtual Tax Academy (OVTA) is a free event designed to provide tax-related information to small business owners. The webinars require no travel time or cost, as would be involved in attending a seminar in person. This makes the information accessible to not only business owners, but also their accounting department staff and their management team. The focused outreach is designed to improve the understanding of Ohio tax law, resulting in increased compliance. During 2014, ODT held three OVTA events with more than 2,000 attendees, covering topics such as: Personal Income Tax Update; What to Expect in a Sales/Use Tax Audit; Taxation Overview for Small Businesses; Small Business Investor Deduction; and, Consumer's Use Tax. The sessions are recorded and posted on ODT's website: <http://www.tax.ohio.gov/Researcher/VTA.aspx>.

SMALL BUSINESS ADVISORY COUNCIL MEMBERS



ORLANDO ALONSO
Columbus Pest Control, Inc.
Office: (614) 279-1587
Lonnie@columbuspestcontrolinc.com



MICHAEL BAACH
The Philpott Rubber Company
Office: (330) 225-3344
mbaach@philpottrubber.com



MICHAEL CANTY
Alloy Bellows & Precision Welding, Inc.
Office: (440) 648-3000
m.canty@alloybellows.com



BRANDON COHEN
Ohio's IT Alliance Inc.
Office: (419) 530-2343
brandon.cohen@utoledo.edu



THOMAS DEMALINE
Willoway Nurseries
Office: (440) 934-4435
tom@willowaynurseries.com



CRYSTAL FAULKNER
Cooney, Faulkner & Stevens LLC
Office: (513) 768-6798
cfaulkner@cfscpa.com



RICHARD FEDOROVICH
Bober Markey Fedorovich
Office: (330) 762-9785
rfedorovich@bobermarkey.com



MICHAEL FLOWERS
KBK Enterprises
Office: (614) 476-3548
m.flowers@kbkenterprises.net



DAN YOUNG
Young's Jersey Dairy
Office: (937) 327-9403
danyoung@youngsdairy.com