



SENATE BILL 9 – REGULATORY REFORM

PROPOSAL TESTIMONY

OHIO SENATE GOVERNMENT OVERSIGHT & REFORM COMMITTEE

FEBRUARY 3, 2021

Chair Roegner, Vice-Chair McColley, Ranking-Member Craig, and members of the Ohio Senate Government Oversight & Reform Committee, my name is Chris Ferruso, and I am the Legislative Director for Ohio NFIB. I am here on behalf of our nearly 21,000 governing members to lend support for Senate Bill 9. I want to thank Senators Roegner and McColley for introducing this bill which continues the work of Senate Bill 1 from the 133rd General Assembly and builds upon those regulatory reform efforts. Our members welcome the ongoing discussion on finding an appropriate level of regulation in Ohio.

By way of background, a typical NFIB member in Ohio employs 20 or fewer and does less than \$2 million in annual receipts. Our members come from all industry types and each of the 88 counties. Our members range in size from sole proprietors to large operations employing hundreds. Every one of those members is impacted by rules and regulations.

In addition to our policy advocacy mission, we also have the NFIB Research Foundation which does frequent surveying of our members on a broad range of business topics and issues. Every four years, they publish *Problems & Priorities*. This survey publication poses a list of 75 business issues our members may encounter in their day-to-day operations and asks them to rank from most to least problematic. NFIB members in Ohio ranked “unreasonable government regulations” as the sixth biggest problem to their success. Additionally, our members ranked “uncertainty over government actions” and “state/local

paperwork" as numbers nine and twelve on the list.¹ I would like to note this is an improvement over our last survey but these issues are still impacting our members' operations and clearly more can be done in this policy area.

There are a few key provisions of Senate Bill 9 we believe will put Ohio on the path to achieving a regulatory climate that protects the public safety and welfare while ensuring our member small businesses are not overburdened.

Senate Bill 9 builds upon previous efforts to establish a regulatory environment that is responsive to those being regulated: our members. The Common Sense Initiative Office (CSI) was created under the previous administration to raise awareness by state agencies of the potential economic impacts of their proposed rules. They continue to review rules, solicit feedback from impacted constituencies, and work to relieve/amend what could have been costly rules. We remain very supportive of this important entity.

Additionally, the 133rd General Assembly took some steps during the last operating budget, House Bill 166, by requiring all state agencies to review their existing rules and create a baseline inventory of all rules that have regulatory restrictions. This list will be shared with the Joint Committee on Agency Rule Review (JCARR) as well as published on their agency website. Included in this inventory will be several crucial components including the statute under which the rule was adopted, and whether removing the restriction would require a statutory change. Also included in the last operating budget was a prohibition on agencies adding any new regulatory restrictions unless they remove two.

Senate Bill 9 expands on these foundations. The bill extends the prohibition on adding new regulatory restrictions without removing two, through June 30, 2025, and further requires state agencies to reduce regulatory restrictions 30 percent by that same date. Any agency not achieving this benchmark will be required to jettison two regulatory restrictions for each new one added after this date.

Under Senate Bill 9, state agencies will have clear criteria on how to evaluate whether an existing rule up for review would be removed under the reduction provisions of the bill. We feel this process will create an even more robust evaluation of rules by changing the way regulators view the need for ongoing or additional regulatory restrictions, raising further awareness of the potential impact on the regulated communities. Of import, some rules are not included in the

¹ <https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf>

reduction count such as any rule required to be adopted verbatim by a state or federal law, an emergency rule, and any rule not subjected to JCARR review. It is also critical to note, Senate Bill 9 provides a mechanism to allow state agencies to appear before JCARR and explain why the regulatory restrictive rules reduction threshold cannot be met.

Senate Bill 9 also empowers CSI to direct an agency to remove any rule that contains a regulatory restriction that is part of its inventory. State agencies can appeal such a directive to JCARR. If JCARR also determines a regulatory restriction should be removed, the agency must do so. In this role, JCARR will provide additional, bipartisan legislative review of regulatory restrictions to ensure ongoing need and appropriateness.

Additionally, Senate Bill 9 directs JCARR to create the “Cut Red Tape System” which will include a website. This online resource will allow our members to request information about regulatory restrictions and to communicate directly with JCARR about those restrictions and their impacts.

We recognize the need to have in place rules and regulations that provide for the health, safety, and welfare of all Ohioans. We all want clean air and water as well as safe workplaces and appropriate consumer protections. However, there is a necessary balance to ensure our small businesses are not faced with undue regulatory burdens. For small business owners, the cost of compliance is twenty percent greater than larger companies.² Any action taken to help reduce this cost of doing business results in resources that will be put toward company growth and expansion.

As the sponsors indicated, Ohio has a large number of restrictive words in code. We feel the provisions of Senate Bill 9 are a healthy exercise in taking a substantial review of Ohio’s regulatory scheme and streamlining, where appropriate, and will ultimately reduce unnecessary obstacles to our members’ operations.

Chair Roegner, Vice-Chair McColley, Ranking-Member Craig, and members of the committee, thank you for the opportunity to provide testimony on Senate Bill 9. I would be happy to try and address any questions the committee may have.

² <https://www.uschamberfoundation.org/smallbizregs/>