

# Department of Commerce

Jason Phillips, Budget Analyst

- Planned GRF transfers from liquor profits in the range of \$127.9 million in FY 2006 and \$124.9 million in FY 2007
- Planned consolidation of several licensing and regulatory boards within the Department of Commerce in FY 2007

## OVERVIEW

### Duties and Responsibilities

The Department of Commerce is a multi-functional regulatory agency that emphasizes economic development, public safety, and customer service. Commerce operates with the use of little General Revenue Funds (GRF), funding most programs by assessing fees and charges on the industries that it regulates. However, the Department transfers profits and excess cash balances from these programs regularly to the GRF and other state agencies.

Commerce is organized into eight operating divisions and one administrative division. Each division is charged with carrying out specific sections of the Ohio Revised Code. These divisions are: Financial Institutions, Industrial Compliance, Liquor Control, Real Estate and Professional Licensing, Securities, State Fire Marshal, Unclaimed Funds, Labor and Worker Safety, and Administration.

### Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
902*	\$580.52 million	\$609.00 million	\$2.09 million	\$2.03 million	Am. Sub. H.B. 66

\*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

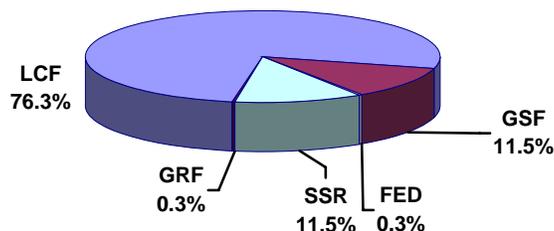
### Vetoed Provisions

The Governor did not veto any provisions affecting the Department of Commerce.

### Enacted Budget Summary

The enacted budget appropriates \$580,520,066 in FY 2006 and \$608,995,528 in FY 2007, which is a 4.9% increase from FY 2006. The following pie chart illustrates that less than 1% of the Department's budget comes from GRF funds. The Liquor Control Fund Group comprises over three-fourths of the agency's budget due to the sale of spirituous liquor. The State Special Revenue Fund Group makes up most of the remainder of Commerce's budget through fees that finance some or all of five of the Department's nine divisions.

### Total FYs 2006-2007 Funding by Fund Group



As the table below also indicates, Liquor Control, through the administration of the sale of spirituous liquor in Ohio, is the program series with the greatest amount of funding in the Department of Commerce, followed by Unclaimed Funds.

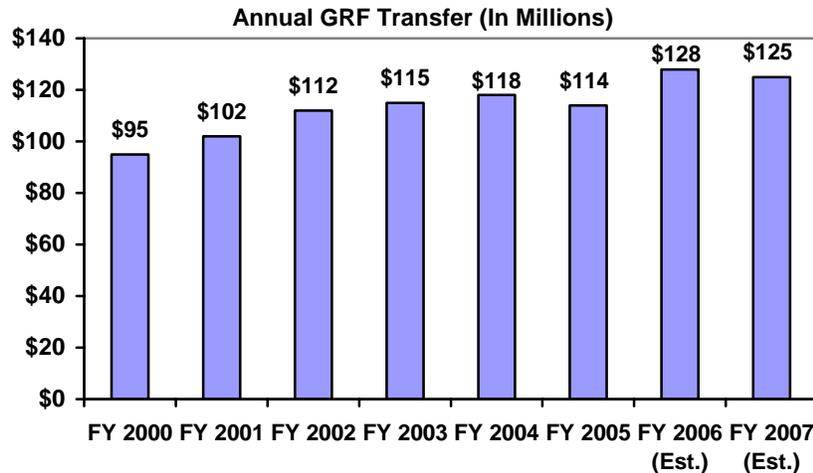
Department of Commerce Biennium Funding by Program Series		
Program Series	Biennium Total Funding	% of Total
Liquor Control	\$907,903,885	76.3%
Unclaimed Funds	\$121,702,102	10.2%
Industrial Compliance	\$50,074,514	4.2%
Financial Institutions	\$46,845,696	3.9%
State Fire Marshal	\$34,864,548	2.9%
Program Management	\$14,149,249	1.2%
Real Estate	\$9,756,726	0.8%
Labor and Worker Safety	\$4,218,874	0.4%
<b>Total</b>	<b>\$1,189,515,594</b>	<b>100%</b>

### Board Consolidation

The enacted budget recommends that 20 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. Under the proposal, the Department of Commerce will absorb the Ohio Athletic Commission, the Barber Board, the State Board of Cosmetology, the Board of Embalmers and Funeral Directors, the Manufactured Homes Commission, the Board of Motor Vehicle Collision Repair Registration, and the State Board of Sanitation Registration. The enacted budget includes no funding in FY 2007 for these boards and commissions. Instead, the specifics of the consolidation plan will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, as well as the Department of Administrative Services, the Office of Budget and Management (OBM), and representatives from the boards involved in the consolidation. According to the Governor's initial plan, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentives will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members for each agency will be retained and continue to serve in the manner in which they were appointed.

### **Liquor Sales Projections**

Liquor sales are expected to reach \$602 million in FY 2006 and \$626 million in FY 2007. A portion of these proceeds is transferred to the GRF. The table below illustrates the Division of Liquor Control's annual GRF transfer from FY 2000 to FY 2007. The transfer of excess liquor profits to the GRF is expected to be \$127.9 million in FY 2006 and \$124.9 million in FY 2007. The transfer in FY 2007 is lower than that of FY 2006 due to increased costs and an increased amount of liquor sales proceeds going to the financing of Development Bonds.



### **PERRP, OSHA Consultation Program Transfer to BWC**

The Bureau of Workers' Compensation budget bill moved the Public Employer Risk Reduction Program (PERRP) and the OSHA On-site Consultation program from the Division of Labor and Worker Safety to the Bureau of Workers' Compensation. The enacted budget fully funds the Wage and Hour Bureau, the Division's only remaining section.

### **Fire Department Grants Program moves to Non-GRF Funding**

The enacted budget moves the Grants for Volunteer Fire Departments program that was formerly funded by the GRF to the State Fire Marshal's Fund (Fund 546). Fund 546 is funded by a .75% surcharge on fire insurance premiums, and 20% of retaliatory taxes collected from out-of-state insurance companies, course fees, licenses, and permits. The \$1.6 million in appropriations for the Fire Department Grants line item should be easily absorbed into the State Fire Marshal's Fund.

### **Transfers of Funds**

The enacted budget contains provisions that make various fund transfers that could total as much as \$104.4 million over the course of the biennium. The provisions include:

- A transfer of \$50 million from the Unclaimed Funds to the GRF in each fiscal year.
- A transfer of up to \$1.7 million in FY 2006 and \$1.6 million in FY 2007 from the State Fire Marshal's Fund (Fund 546) to the Budget Stabilization Fund.

- A transfer of \$375,000 in FY 2006 and \$325,000 in FY 2007 from the State Fire Marshal's Fund to the Department of Public Safety's Public Safety Services Fund (Fund 5CC). This provision includes various earmarks for the City of Eastlake, the City of Warren, and the Southern Ohio Drug Task Force.
- A transfer of \$200,000 from the State Fire Marshal's Fund to the Department of Health's Poison Control Fund (Fund 5CB) in each fiscal year. This provision calls for the cities of Cleveland, Cincinnati, Columbus, and Dayton to receive an allocation of \$50,000 in each fiscal year for poison control centers.
- A transfer of the cash balance (approximately \$6,000) in the Fireworks Training and Education Fund (Fund 4L5) to the State Fire Marshal's Fund. The enacted budget abolished the Fireworks Training and Education Fund.
- A transfer of to \$100,000 from the Real Estate Recovery Fund (Fund 548) and up to \$350,000 from the Real Estate Appraisers Recovery Fund (Fund 4B2) during the biennium to the Real Estate Operating Fund (Fund 549). This provision replenishes the cash reserve of the Real Estate Operating Fund by up to \$450,000, which had depleted by a transfer to the GRF in FY 2004 and a reduced amount of revenue in the operating fund.

## ANALYSIS OF THE ENACTED BUDGET

### Program Series 1

### Financial Institutions

**Purpose:** To ensure the overall safety and soundness of the financial institutions and companies under its supervision, and ensures that these institutions comply with all applicable laws and regulations.

The following table shows the line items that are used to fund the Financial Institutions program series, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>State Special Revenue Fund</b>				
4X2	800-619	Financial Institutions	\$2,400,843	\$2,400,843
544	800-612	Banks	\$6,757,197	\$6,759,197
545	800-613	Savings Institutions	\$2,678,248	\$2,669,774
552	800-604	Credit Union	\$2,936,852	\$2,941,852
553	800-607	Consumer Finance	\$4,300,445	\$4,300,445
550	800-617	Securities	\$4,300,000	\$4,400,000
<b>Total Funding: Financial Institutions</b>			<b>\$23,373,585</b>	<b>\$23,472,111</b>

This analysis focuses on the following specific programs within the Financial Institutions program series:

- **Program 1.01: Banks**
- **Program 1.02: Consumer Affairs**
- **Program 1.03: Consumer Finance**
- **Program 1.04: Credit Unions**

- **Program 1.05: Money Transmitters**
- **Program 1.06: Savings Institutions**
- **Program 1.07: Securities**

### **Program 1.01: Banks**

**Program Description:** The Banks section regulates state-chartered banks and trust companies. In FY 2004, 106 banks, 2 trust-only banks, and 15 trust departments within state-chartered banks were under the jurisdiction of this section. The section does not have jurisdiction over federal thrifts or national banks. The program is responsible for approving new bank charters, mergers, branch ventures, and other activities.

Applicants for bank charters must meet minimum capital and other business requirements. They must also receive approval for deposit insurance. Existing institutions wishing to expand operations through mergers, acquisitions, or branching must demonstrate their ability to do so. In addition, any Ohio state banks and state banks headquartered in other states must receive a certificate of authority to conduct a trust business in Ohio from the Superintendent.

The program also determines the safety and soundness of each bank and monitors the institution's adherence to applicable laws and regulations. Examinations vary in frequency from six months to two years and are dependent upon each institution's size and/or overall conditions. Examiners, who differ from bank auditors in that they are directly responsible to the agency and not the institution, use a standard rating system (CAMELS) to determine capital adequacy, asset quality, management effectiveness, earnings levels and quality, liquidity, and sensitivity to market risk.

The program derives its authority from Chapter 1125. of the Revised Code. Established in 1908, it serves all consumers of banking services.

**Funding Sources:** Application, examination, and investigation fees paid by banks, and an assessment charged to all banks and money transmitter fees

**Implication of the Enacted Budget:** The enacted budget fully funds the Banks program and allows it to maintain FY 2005 service levels with a funding level of \$7,388,220 in FY 2006 and \$7,376,001 in FY 2007.

**Permanent Law Provisions:** Safekeeping of Investments Securing Payment (R.C. section 1111.04). A provision in the enacted budget adds a federal home loan bank as eligible to be a qualified trustee for the safekeeping of investments that must be pledged to secure payments of trust companies engaging in trust business. As federal home loan banks do not appear to be regulated by the Department of Commerce, there is no direct fiscal impact from this provision.

### **Program 1.02: Consumer Affairs**

**Program Description:** The Consumer Affairs section, through the Office of Consumer Affairs, educates Ohioans on how to protect themselves in the mortgage lending process, receives complaints from those who have been victimized, and acts as a referral service to organizations that can assist the borrower. If lending laws have been violated, the office initiates enforcement actions and refers criminal cases for prosecution.

**Funding Sources:** Annual license fees for all consumer finance licensees, investigatory fees for new consumer finance licenses, and related examination fees

***Implication of the Enacted Budget:*** The enacted budget fully funds the Consumer Affairs program and allows it to maintain FY 2005 service levels with funding of \$1,178,191 in FY 2006 and \$1,188,854 in FY 2007. The enacted budget allows the program to expand existing community outreach and education initiatives through such outlets as newsletters, educational events, and public service announcements.

### **Program 1.03: Consumer Finance**

***Program Description:*** The Consumer Finance section is responsible for licensing, regulating, and ensuring the safety and soundness of consumer finance organizations including check-cashing services, check-casher lenders, credit service organizations, insurance premium finance companies, mortgage brokers, mortgage broker loan officers, pawnbrokers, precious metals dealers, second mortgage businesses, and small loan businesses. The Consumer Finance section regulates nearly 9,900 organizations and individuals.

***Funding Sources:*** Investigation and annual license or registration fees charged to consumer loan companies, pawnbrokers, precious metal dealers, check-cashing businesses, mortgage brokers, loan officers, and credit service organizations; one-half of the fees collected from pawnbrokers and precious metals dealers are returned to the local government in which these operators reside

***Implication of the Enacted Budget:*** The enacted budget fully funds the Consumer Finance program and allows it to maintain current service levels with funding of \$3,716,482 in FY 2006 and \$3,705,819 in FY 2007.

### **Program 1.04: Credit Unions**

***Program Description:*** The Credit Unions section monitors the financial safety and soundness of Ohio's state-chartered credit unions. In FY 2004, there were 234 credit unions with total aggregated assets of \$8.5 billion under the jurisdiction of the Credit Union section. The program also examines and co-regulates the private insurer American Share Insurance, formerly the National Deposit Insurance Corporation, which is located in Ohio.

***Funding Source:*** A semi-annual assessment on the gross assets of credit unions

***Implication of the Enacted Budget:*** The enacted budget fully funds the Credit Unions program and allows it to maintain FY 2005 service levels with a funding level of \$3,299,991 in FY 2006 and \$3,304,991 in FY 2007. The enacted budget enables an increase in the number of field examiners, who conduct credit union examinations, from 12 to 15 to provide off-site monitoring of institutions that are increasing in overall size and complexity.

### **Program 1.05: Money Transmitters**

***Program Description:*** The Money Transmitters section provides for the licensing, supervision, and regulation of domestic and foreign money transmitters in Ohio, including financing networks that may be potential threats to Homeland Security. In FY 2004, 35 such entities operated in the state.

***Funding Sources:*** Annual license fees (including new and renewal) for both domestic and foreign money transmitters and investigatory fees for new money transmitter licenses in accordance with section 1315.02 of the Ohio Revised Code

**Implication of the Enacted Budget:** The enacted budget provides \$348,353 in FY 2006 and \$362,572 in FY 2007 for the Money Transmitters program. These amounts allow the program to maintain FY 2005 support levels and to add 0.75 FTE to the program to assist in the investigation and examination of foreign and domestic money transmitters.

### **Program 1.06: Savings Institutions**

**Program Description:** In FY 2004, there were 63 state-chartered savings and loan associations and state-chartered savings banks under the jurisdiction of the Savings Institution section. These institutions invest in real estate-related loans and securities. State-chartered savings banks offer an important credit alternative to savings and loans and other banks as they combine the advantages found in both. The section funds its regulatory duties by levying assessments based upon the total assets of savings banks or savings and loans, which is then divided into the appropriation of the program budget.

**Funding Source:** Annual assessments based upon total assets of savings banks and savings and loans

**Implication of the Enacted Budget:** The enacted budget fully funds the Savings Institutions program and allows it to maintain FY 2005 service levels with a funding level of \$2,942,348 in FY 2006 and \$2,933,874 in FY 2007.

### **Program 1.07: Securities**

**Program Description:** The Securities program promotes investor education, regulates the sale of securities in Ohio, and licenses securities professionals in Ohio who sell securities and give advice about investing in securities. It engages in administrative sanctions against those persons and entities violating the securities laws in Ohio and makes referrals for criminal prosecution. In FY 2004, 5,800 filings for sale of securities were reviewed and the Division of Securities licensed over 123,000 securities salespersons.

**Funding Source:** Fees from securities registration and exemption filings, and license applications and renewals

**Implication of the Enacted Budget:** The enacted budget provides \$4,300,000 in FY 2006 and \$4,400,000 in FY 2007. The amount appropriated is sufficient to maintain FY 2005 service levels.

**Program Series 2****Industrial Compliance**

**Purpose:** To examine and approve construction plans, performs inspections at industrial facilities, licenses and certifies inspectors, operators, individuals, and equipment.

The following table shows the line item that is used to fund the Industrial Compliance program series as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>State Special Revenue Fund</b>				
556	900-615	Industrial Compliance	\$25,037,257	\$25,037,257
<b>Total Funding: Industrial Compliance</b>			<b>\$25,037,257</b>	<b>\$25,037,257</b>

This analysis focuses on the following specific programs within the program series:

- **Program 2.01: Plans and Specifications**
- **Program 2.02: Construction Compliance**
- **Program 2.03: Operations and Maintenance**
- **Program 2.04: Building Code**
- **Program 2.05: Ohio Construction Industry Examining Board**

**Program 2.01: Plans and Specifications**

**Program Description:** The Plans and Specifications section reviews building plans for new construction, major renovations, additions, or alterations for structures, except where local certified building departments have jurisdiction, and regulates industrialized units.

**Funding Source:** Architectural plan review and processing fees

**Implication of the Enacted Budget:** The enacted budget fully funds the Plans and Specifications program and allows it to maintain FY 2005 service levels with a funding level of \$4,205,153 in FY 2006 and \$4,252,969 in FY 2007.

**Program 2.02: Construction Compliance**

**Program Description:** The Bureau inspects construction plans for commercial buildings to ensure that the structural design, electrical, and plumbing systems meet standards established by the Ohio Basic Building Code. The Bureau is responsible for inspecting buildings, plumbing, electrical wiring, pressure vessels, pressure piping, and industrialized units throughout the state. The Bureau maintains next day inspection service and conducts over 50,000 inspections per year.

**Funding Source:** Application fees

**Implication of the Enacted Budget:** The enacted budget fully funds the Construction Compliance program and allows it to maintain FY 2005 service levels with a funding level of \$5,685,980 in FY 2006 and \$5,753,227 in FY 2007.

**Permanent Law Provisions: *Additional Requirements for Commercial Plumbing Inspectors (R.C. sections 3703.01, 3703.03, 3703.04, 3703.05, 3703.06, 3703.07, 3703.08, 3703.10, and 3703.99).***

A provision in the enacted budget allows the Superintendent of Industrial Compliance to charge fees for administering a program for the certification, re-certification, and continuing education of plumbing inspectors; contract with a third party to conduct examinations for certifying inspectors; adopt rules governing continuing education for inspectors; enter into reciprocal licensing agreements with other states and other agencies in this state; refuse, suspend, or revoke the certification of inspectors; and examine an inspector and the inspector's records and books.

The provision also repeals the prohibition preventing inspectors employed by the Department of Commerce from engaging in the plumbing business. The primary purpose of the provision was to codify the process, procedures, and personnel the Department was already using to perform the task for the industry. As such, this provision will not result in increased costs to administer the program. The Department estimates that revenues to the Industrial Compliance Operating Fund (Fund 556) have increased by approximately \$44,000 per year from the certification of plumbing inspectors.

**Program 2.03: Operations and Maintenance**

***Program Description:*** The Bureau of Operations and Maintenance is responsible for the proper operation and maintenance of "critical systems" and oversees areas such as boiler operations and maintenance, elevators, and bedding and upholstered furniture. The Boiler section enforces rules regarding the construction, installation, and operation of boilers and inspects over 60,000 operating boiler rooms each year, verifying safety procedures and operator credentials. The Elevator section performs inspections of passenger, freight, special-service, tower, and handicap elevators as well as escalators, dumbwaiters, and belt-type man lifts.

***Funding Source:*** License and permit fees

***Implication of the Enacted Budget:*** The enacted budget fully funds the Operations and Maintenance program and allows it to maintain FY 2005 service levels with a recommended funding level of \$10,620,943 in FY 2006 and \$10,754,941 in FY 2007.

**Program 2.04: Building Code**

***Program Description:*** The Building Code section supports the Board of Building Standards, which formulates and adopts rules governing building construction and maintenance to ensure building safety. The Board also certifies local building code enforcement departments. More than 9,100 building department personnel, state agency personnel, design professionals, and contractors in FY 2004 attended 153 continuing education courses developed and taught by the Board's staff. This section also supports the Board of Building Appeals, which reviews appeals of orders issued by the Department's Bureau of Construction Compliance or of a certified city or county building department.

***Funding Sources:*** The Board of Building Appeals receives funding through a \$200 fee for each building appeal; the Board of Building Standards receives funding through various fees

***Implication of the Enacted Budget:*** The enacted budget fully funds the Building Code program and allows it to maintain FY 2005 service levels with a funding level of \$3,022,946 in FY 2006 and \$2,773,883 in FY 2007.

***Permanent Law Provisions: Ohio Residential Building Code Changes (R.C. sections 307.37, 3781.07, 3781.10, 3781.102, 3781.191, and 4740.14).*** A provision in the enacted budget makes changes to the enforcement of the Ohio Residential Building Code in several ways. First, it specifies that the Ohio Board of Building Appeals does not have the authority to hear any case based on the Ohio Residential Building Code or to grant any variance to that code. Second, it clarifies that the local residential building code and the existing structures code adopted by a board of county commissioners may be enforced within the unincorporated areas of the county and the districts the board establishes in any part of the unincorporated area. Third, it expands the list of persons who, if certified by the Board of Building Standards, may approve plans and conduct inspections on behalf of a municipal corporation, township, or county to include persons furnishing other services besides architectural or engineering services pursuant to a contract with a political subdivision. Fourth, it specifies that expenses incurred by the Residential Construction Advisory Committee be paid from the Industrial Compliance Operating Fund (Fund 556). Fifth, it adds a member to the Ohio Board of Building Standards and the Residential Construction Advisory Committee, respectively, chosen from a list submitted by the Ohio Municipal League and who is a mayor of a municipal corporation that meets specified requirements.

The fourth item does not appear to result in increased costs as H.B. 175 of the 125th General Assembly recreated the Residential Construction Advisory Committee under the Department of Commerce's control, but did not specify who would pay for committee expenses. It appears as though expenses would have been paid from the Industrial Compliance Operating Fund (Fund 556). As such, the provision only codifies this arrangement. The fifth change may result in a minimal increase in the Industrial Compliance Operating Fund. The additional member of the Board of Building Standards will receive expenses and a salary pursuant to R.C. section 125.15(J). The additional member of the Residential Construction Advisory Committee shall receive actual and necessary expenses and a per diem for each day in attendance at an official meeting of the committee.

### ***Program 2.05: Ohio Construction Industry Licensing Board***

***Program Description:*** This Board coordinates tests and issues certificates to persons who have passed state examinations for the HVAC, electrical, refrigeration, and hydronics trades.

***Funding Source:*** License fees

***Implication of the Enacted Budget:*** The enacted budget fully funds the Ohio Construction Industry Licensing Board program and allows it to maintain FY 2005 service levels with a recommended funding level of \$1,502,235 in FY 2006 and \$1,502,237 in FY 2007.

**Program Series 3****Liquor Control**

**Purpose:** To provide for the safe sale, consumption, and distribution of alcoholic beverages in Ohio.

The following table shows the line items that are used to fund Liquor Control as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Liquor Control Fund</b>				
043	800-601	Merchandising	\$382,595,409	\$397,839,347
043	800-627	Liquor Control Operating	\$16,873,183	\$15,981,346
043	800-633	Development Assistance Debt Service	\$32,158,300	\$39,230,000
043	800-636	Revitalization Debt Service	\$9,740,500	\$13,485,800
<b>Total Funding: Liquor Control</b>			<b>\$441,367,392</b>	<b>\$466,536,493</b>

This analysis focuses on the following specific programs within the program series:

- **Program 3.01: Liquor Agency Operations**
- **Program 3.02: Liquor Permit Licensing**
- **Program 3.03: Beer and Wine Compliance**
- **Program 3.04: Debt Service Payments**

**Program 3.01: Liquor Agency Operations**

**Program Description:** The Liquor Agency Operations program regulates the sale of spirituous liquor through private businesses, known as liquor agencies. The Division contracts with these businesses to serve as its sales agents. Agents are paid a commission based on their amount of sales, and the state retains ownership of the inventory. Current commission rates are 6% of sales for retail establishments, and 4% of sales for wholesale operations.

Spirituous liquor sales generate a large amount of revenue, which is used by several other state agencies to fund certain programs. Per Revised Code section 4301.12, liquor revenue is to pay for the operating expenses of the Liquor Control Commission and an alcohol-testing unit in the Department of Health. Liquor profits also are devoted to the Department of Public Safety's Liquor Enforcement Division, an alcohol treatment program operated by the Department of Alcohol and Drug Addiction Services, and Development Assistance Debt Service.

The above Revised Code section also requires that the remaining liquor profits be transferred to the GRF. For FY 2006, this transfer is expected to be \$128 million, with a predicted decline to \$125 million in FY 2007.

**Funding Source:** Liquor sales profits

**Implication of the Enacted Budget:** The enacted budget fully funds the Liquor Agency Operations program and appropriates \$393,648,873 in FY 2006 and \$407,995,974 in FY 2007. The appropriated amounts allow the program to account for expected increases in consumption.

**Permanent Law Provisions: Reduction in Wholesale Price Discount for Spirituous Liquor (R.C. section 4301.10).** A provision in the enacted budget reduces the minimum price discount for wholesale purchases of spirituous liquor from 12.5% to 6% of the retail-selling price of that liquor. This provision may result in a gain in revenue to the Liquor Control Fund (Fund 043) of \$16.0 million in FY 2006 and \$16.3 million in FY 2007. As a result, the transfer to the GRF of excess liquor profits is estimated to be approximately \$127.9 million in FY 2006 and \$124.9 million in FY 2007.

### **Program 3.02: Liquor Permit Licensing**

***Program Description:*** The Liquor Permit Licensing program administers the state's complex liquor permitting system established by Chapters 4301., 4303., 4305., 4307., and 4399. of the Revised Code. The program reviews applications for permits to sell, manufacture, or distribute alcoholic beverages. The decision to grant or deny a permit is based on various factors including: (1) the wet or dry status of the location, (2) the number of permits allowed in a geographic area based on population density and the amount of existing permits or "quotas," (3) prior compliance record with legal requirements by the applicant, and (4) findings of the Division's investigations. All licenses are renewable on an annual basis. The fee is divided between the local taxing districts, the GRF, and the Department of Alcohol and Drug Addiction Services.

***Funding Source:*** License fees paid by all liquor permit holders including manufacturers, distributors, retailers, and importers of alcoholic beverages

***Implication of the Enacted Budget:*** The enacted budget fully funds the Liquor Permit Licensing program and allows it to maintain FY 2005 service levels with a funding level of \$5,283,599 in FY 2006 and \$5,283,599 in FY 2007. The appropriated amounts allow for the completion of the conversion of LITS (License Issuance and Tracking System) to allow seamless distribution of liquor permit fees.

**Permanent Law Provisions: Ski Area Sunday Sales Liquor Permit (R.C. section 4303.182).** A provision in the enacted budget authorizes the issuance of a Sunday sales liquor permit to any D-permit premises (retail food service operation or retail food establishment that is authorized to have sales of on-premises consumption) located at a ski area whether or not the Sunday sales have been approved in a local option liquor election, provides that the passenger tramway operator at that area is registered under current law. This provision may result in a gain in liquor permit revenue from a potential increase in the number of liquor permits issued. The permit fee for a D-6 permit (the Sunday sales liquor permit) is \$500. Liquor permit fees are deposited into the Undivided Liquor Permit Fund (Fund 066) and distributed to the GRF, ODADAS, and local governments. This provision primarily benefits the Snow Trails ski resort in Mansfield, Ohio.

### **Program 3.03: Beer and Wine Compliance**

***Program Description:*** The Beer and Wine Compliance program is responsible for regulating the manufacture, importation, and distribution of beer, wine, and low-proof (containing 21% or less alcohol by volume – 42 proof) beverages. Under the authority of Chapter 4301. of the Revised Code, the program must approve and register all beer, wine, and low-proof beverages sold in the state. Manufacturers and distributors (A and B permit holders), out-of-state suppliers and retail operations are inspected for compliance in the areas of advertising, pricing, the proper maintenance of draft beer dispensing equipment, and consignment or credit sales. Inspectors also investigate allegations of commercial bribery and look for tied-house violations such as exclusionary activity or inducements.

**Funding Source:** Fees for label registration, certificates of registration for out-of-state suppliers, solicitor registration, and coil cleaning of beer and wine dispensing equipment and revenue from liquor sales

**Implication of the Enacted Budget:** The enacted budget fully funds the Beer and Wine Compliance program and allows it to maintain FY 2005 service levels with a funding level of \$541,120 in FY 2006 and \$541,120 in FY 2007.

### **Program 3.04: Debt Service Payments**

**Program Description:** The Debt Service Payments program provides debt service payments on bonds issued under the authority of the Ohio Revised Code Chapters 151. and 166. to support various economic development initiatives and environmental clean-up initiatives that are appropriated in the Department of Development. In FY 2004, \$22.4 million in liquor profits was pledged for development assistance. For the upcoming biennium, a substantial share of the liquor profits will be pledged against bonds issued to support urban revitalization initiatives (also known as "Clean Ohio"), and to support development assistance. The enacted budget provides for \$32.2 million in FY 2006 and \$39.2 million in FY 2007 for development assistance and \$9.7 million in FY 2006 and \$13.5 million in FY 2007 for revitalization.

**Funding Source:** Revenue from the sale of spirituous liquor

**Implication of the Enacted Budget:** The enacted budget provides required payments on bonds issued to support economic development and environmental revitalization initiatives with funding of \$41,898,800 in FY 2006 and \$52,715,800 in FY 2007.

## **Program Series 4**

## **Real Estate and Professional Licensing**

**Purpose:** To license and regulate real estate brokers, salespersons, appraisers, and registers foreign real estate property, register and investigate complaints involving Ohio cemeteries while supporting the Ohio Cemetery Dispute Resolution Commission.

The following table shows the line items that are used to fund the Real Estate and Professional Licensing program series as well as the enacted budget's funding levels.

<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>State Special Revenue Fund</b>				
4B2	800-631	Real Estate Appraisal Recovery	\$35,000	\$35,000
4H9	800-608	Cemeteries	\$273,465	\$273,465
547	800-603	Real Estate Education/Research	\$250,000	\$250,000
548	800-611	Real Estate Recovery	\$50,000	\$50,000
549	800-614	Real Estate	\$3,605,892	\$3,605,892
6A4	800-630	Real Estate Appraiser Operating	\$664,006	\$664,006
<b>Total Funding: Real Estate and Professional Licensing</b>			<b>\$4,878,363</b>	<b>\$4,878,363</b>

This analysis focuses on the following specific programs within the Real Estate and Professional Licensing program series:

- **Program 4.01: Real Estate**
- **Program 4.02: Real Estate Appraisers**
- **Program 4.03: Cemetery Registration**

### **Program 4.01: Real Estate**

**Program Description:** The section licenses and regulates real estate brokers and salespersons across the state as well as foreign real estate brokers and salespersons. The section also registers foreign real estate property. Another important function of the Real Estate section is to oversee the continuing education requirements for these various licensees. The Real Estate section also enforces the continuing education requirements for real estate brokers, real estate salespersons, and certified and licensed appraisers. In cases of documented and proven real estate fraud, consumers may apply for compensation from the Real Estate Recovery Fund.

**Funding Sources:** License and other fees charged, interest earned on investments (real estate recovery only), and assessments against certificate holders (real estate appraisal recovery only)

**Implication of the Enacted Budget:** The enacted budget appropriates \$3,905,892 in FY 2006 and \$3,905,892 in FY 2007 for the Real Estate program. The amounts appropriated allow the program to maintain FY 2005 service levels.

**Temporary Law Provisions:** Cash Transfer to Real Estate Operating Fund (Section 203.75). The enacted budget includes a provision that transfers up to \$100,000 from the Real Estate Recovery Fund (Fund 548) and up to \$350,000 from the Real Estate Appraisers Recovery Fund (Fund 4B2) during the biennium to the Real Estate Operating Fund (Fund 549). This provision replenishes the cash reserve of the Real Estate Operating Fund by up to \$450,000, which had depleted by a transfer to the GRF in FY 2004 and a reduced amount of revenue.

### **Program 4.02: Real Estate Appraisers**

**Program Description:** The Real Estate Appraisers section licenses and certifies all general and residential appraisers in the state. In addition, the program oversees the pre-licensure and continuing education requirements of the industry, investigates complaints against licensees, and initiates disciplinary hearings as required. The program protects consumers who have been harmed during a real estate transaction by a licensee through the Real Estate Appraiser Recovery Fund. This program regulates more than 3,500 real estate appraisers.

**Funding Source:** license and permit fees

**Implication of the Enacted Budget:** The enacted budget appropriates \$699,006 in FY 2006 and \$699,006 in FY 2007 for the Real Estate program. The amounts appropriated allow the program to maintain FY 2005 service levels.

### **Program 4.03: Cemetery Registration**

**Program Description:** The Cemeteries section registers all active cemeteries in Ohio, and investigates complaints or disputes involving registered cemeteries. Complaints against cemeteries are

investigated and referred to the Ohio Cemetery Dispute Resolution Committee. There are currently over 3,300 cemeteries registered. This program also collects fees for burial permits issued in Ohio.

**Funding Source:** Fees generated from registering and renewing registrations of cemeteries (\$25 each) and from burial permit fees (\$2.50 each)

**Implication of the Enacted Budget:** The enacted budget fully funds the Cemetery Registration program and allows it to maintain FY 2005 service levels with funding of \$273,465 in FY 2006 and \$273,465 in FY 2007.

## Program Series 5

## State Fire Marshal

**Purpose:** To protect the citizens of Ohio from the dangers of fire and explosions and protects the environment from releases of petroleum from underground storage tanks.

The following table shows the line items that are used to fund the State Fire Marshal program series as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>State Special Revenue Fund</b>				
546	800-610	Fire Marshal	\$12,187,994	\$12,292,994
546	800-639	Fire Department Grants	\$1,647,140	\$1,647,140
653	800-629	UST Registration/Permit Fee	\$1,249,632	\$1,249,632
<b>State Special Revenue Fund Subtotal</b>			<b>\$15,084,766</b>	<b>\$15,189,766</b>
<b>General Services Fund</b>				
5F1	800-635	Small Government Fire Departments	\$250,000	\$250,000
<b>General Services Fund Subtotal</b>			<b>\$250,000</b>	<b>\$250,000</b>
<b>Federal Special Revenue Fund</b>				
348	800-622	Underground Storage Tanks	\$195,008	\$195,008
348	800-624	Leaking Underground Storage Tanks	\$1,850,000	\$1,850,000
<b>Federal Special Revenue Fund Subtotal</b>			<b>\$2,045,008</b>	<b>\$2,045,008</b>
<b>Total Funding: State Fire Marshal</b>			<b>\$17,379,774</b>	<b>\$17,484,774</b>

This analysis focuses on the following specific programs within the State Fire Marshal program series:

- **Program 5.01: Ohio Fire Academy**
- **Program 5.02: Code Enforcement**
- **Program 5.03: Investigations**
- **Program 5.04: Fire Prevention**
- **Program 5.05: Forensic Lab**
- **Program 5.06: Bureau of Underground Storage Tanks**
- **Program 5.07: Fireworks and Explosives**
- **Program 5.08: Fire Department Assistance**

### **Program 5.01: Ohio Fire Academy**

**Program Description:** The Ohio Fire Academy program conducts fire-related training courses for more than 15,000 emergency responders annually. Training, which is conducted at the Academy facilities and on-site throughout the state, includes firefighting, anti-terrorism response, and urban search and rescue.

**Funding Sources:** 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes, and fees from fireworks licenses and building inspections; the program is also funded through course fees and Department of Homeland Security grants through the Ohio Emergency Management Agency to fund payroll, purchased and personal services, maintenance, and equipment

**Implication of the Enacted Budget:** The enacted budget fully funds the Ohio Fire Academy program and allows it to maintain FY 2005 service levels with a funding level of \$3,111,239 in FY 2006 and \$3,216,239 in FY 2007. The amount appropriated also provides \$400,000 for Fire Academy Homeland Security Equipment and vehicle replacement. Specifically, the equipment includes an over-the-road tractor, a pick-up truck, two 15-passenger vans, a mobile fire training aid, a search and rescue mobile training aid, fire engine replacement and a few additional miscellaneous pieces of equipment. All of these items will be used for training or direct support of training for Ohio's firefighters and first responders.

### **Program 5.02: Code Enforcement**

**Program Description:** The Code Enforcement section performs fire safety inspections at hotels, motels, hospitals, nursing homes, and other buildings and events. It also enforces the fire code at fireworks facilities, manufacturers, and exhibitions. The program also conducts plan review and inspections for flammable and combustible liquid storage tanks not regulated by the Bureau of Underground Storage Tanks Regulations or the local fire department.

**Funding Sources:** 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes, and fees from fire safety inspections and flammable and combustible liquid permits

**Implication of the Enacted Budget:** The enacted budget fully funds the Code Enforcement program and allows it to maintain FY 2005 service levels with a funding level of \$2,711,239 in FY 2006 and \$2,711,239 in FY 2007.

**Temporary Law Provisions:** Cash Transfer to Budget Stabilization Fund (Section 203.75). The enacted budget includes a provision that transfers to the Budget Stabilization Fund up to \$1.7 million in FY 2006 and up to \$1.6 million in FY 2007 from the State Fire Marshal Fund (Fund 546).

Cash Transfer from the State Fire Marshal's Fund to the Poison Control Fund (Section 206.42.19). The enacted budget includes a provision that transfers \$200,000 from the State Fire Marshal's Fund to the Department of Health's Poison Control Fund (Fund 5CB) in each fiscal year. This provision calls for the cities of Cleveland, Cincinnati, Columbus, and Dayton to receive an allocation of \$50,000 in each fiscal year for poison control centers.

State Fire Marshal's Fund Cash Transfers for Public Safety Services (Section 209.51). The enacted budget includes a provision that transfers \$375,000 in FY 2006 and \$325,000 in FY 2007 from the State Fire Marshal's Fund to the Department of Public Safety's Public Safety Services Fund (Fund

5CC). This provision includes various earmarks for the City of Eastlake, the City of Warren, and the Southern Ohio Drug Task Force.

### **Program 5.03: Investigations**

**Program Description:** The Investigations section is responsible for investigating the cause, origin, and circumstances of fires, explosives, and fireworks incidents in Ohio. It is also responsible for the prosecution of persons believed to be guilty of arson or a similar crime.

**Funding Sources:** 0.75% surcharge on the total value of fire insurance premiums sold statewide and retaliatory taxes to out-of-state insurance companies

**Implication of the Enacted Budget:** The enacted budget fully funds the Investigations program and allows it to maintain FY 2005 service levels with a funding level of \$2,475,479 in FY 2006 and \$2,465,479 in FY 2007.

### **Program 5.04: Fire Prevention**

**Program Description:** The Fire Prevention program creates fire safety publications and conducts fire safety education outreach at schools, senior centers, health care facilities, and other locations as requested. This program also compiles statistical data collected through the Ohio Fire Information Reporting System regarding the nature and causes of fire and promotes the use of fire detectors and distributes free detectors in southeast Ohio.

**Funding Sources:** 0.75% surcharge on the total value of fire insurance premiums sold statewide and retaliatory taxes to out-of-state insurance companies

**Implication of the Enacted Budget:** The enacted budget fully funds the Fire Prevention program and allows it to maintain FY 2005 service levels with funding of \$1,732,439 in FY 2006 and \$1,732,439 in FY 2007.

### **Program 5.05: Forensic Lab**

**Program Description:** The Forensic Lab section analyzes evidence from fires and explosions as well as hazardous material leaks and spills on behalf of fire investigators and state and local law enforcement agencies. During FY 2004, the laboratory examined nearly 780 cases consisting of over 2,400 pieces of evidence.

**Funding Sources:** 0.75% surcharge on the total value of fire insurance premiums sold statewide and retaliatory taxes to out-of-state insurance companies

**Implication of the Enacted Budget:** The enacted budget fully funds the Forensic Lab program and allows it to maintain FY 2005 service levels with funding of \$1,178,799 in FY 2006 and \$1,178,799 in FY 2007.

### **Program 5.06: Bureau of Underground Storage Tanks**

**Program Description:** The Bureau of Underground Storage Tanks program regulates and enforces statutes related to the registration, installation, removal, upgrade, or repair of petroleum underground storage tanks.

**Funding Sources:** Tank registration fees, permit and licensing fees, enforcement penalties, federal EPA grants of \$1.437 million for the BUSTR environmental program (Leaking Underground Storage Tank grant) and \$186,000 that partially funds the BUSTR field staff charged with performing compliance and permit inspections (Underground Storage Tank grant)

**Implication of the Enacted Budget:** The enacted budget fully funds the Bureau of Underground Storage Tanks program and allows it to maintain FY 2005 service levels with funding of \$3,294,640 in FY 2006 and \$3,294,640 in FY 2007.

### **Program 5.07: Fireworks and Explosives**

**Program Description:** The Fireworks and Explosives section formulates and implements program policy and supervising programs dealing with the Investigations Bureau and Fire Safety Inspectors engaged in duties related to the identification and handling of explosives and/or fireworks; and/or the licensing and inspection of facilities where explosives and/or fireworks are manufactured, stored, or sold. Additionally, the program oversees more than 50 fireworks wholesalers and manufacturing facilities, over 520 licensed fireworks exhibitors, nearly 1,100 registered assistants, and multiple flame effect technicians regulated by the State Fire Marshal.

**Funding Sources:** 0.75% surcharge on the total value of fire insurance premiums sold statewide, retaliatory taxes to out-of-state insurance companies, assessments to fireworks manufacturers, and licensing fees

**Implication of the Enacted Budget:** The enacted budget appropriates \$1,178,799 in FY 2006 and \$1,178,799 in FY 2007. This amount allows the program to maintain FY 2005 service levels.

**Permanent Law Provisions:** Changes to the Fireworks Laws (R.C. sections 3743.01, 3743.02, 3743.04, 3743.05, 3743.06, 3743.15, 3743.17, 3743.18, 3743.19, 3743.59, 3743.65, 3743.75). A provision in the enacted budget removes statutorily specified requirements for distances between buildings used for fireworks and other buildings and roadways and instead requires the State Fire Marshal to adopt rules establishing distance requirements. The provision also allows a fireworks wholesaler or manufacturer to expand its licensed premises to include storage locations that are located on premises that are not contiguous with the licensed premises if the wholesaler or manufacturer meets the specified requirements. According to the Department, there will be no appreciable expenses associated with the development of distance requirements. In addition, only a negligible gain in revenue to the State Fire Marshal's Fund (Fund 546) may occur from the expansion of fireworks storage facilities, as the Department does not envision the industry expanding by more than five to six facilities.

**Fire Marshal's Fireworks Training and Education Fund (R.C. section 3743.57).** A provision in the enacted budget eliminates the Fire Marshal's Fireworks Training and Education Fund (Fund 4L5). The cash balance in the fund is to be transferred to the State Fire Marshal's Fund (Fund 546) while any existing encumbrances against the Fireworks Training and Education Fund are to be cancelled and re-established against the State Fire Marshal's Fund. This provision, in effect, ceases the double billing of the fireworks industry to support the Fireworks Training and Education Fund. Previously, the industry paid an annual license fee in addition to an assessment to maintain the Fireworks Training and Education Fund. As a result, the fireworks industry will simply pay the annual license fees.

**Program 5.08: Fire Department Assistance**

**Program Description:** The Fire Department Assistance program provides grants and no-interest loans to local fire departments to offset the cost of training and equipment.

**Funding Source:** Loan repayments

**Implication of the Enacted Budget:** The enacted budget fully funds the Fire Department Assistance program with an appropriation of \$1,697,140 in FY 2006 and \$1,697,140 in FY 2007. The enacted budget increases the funding available for grants to volunteer fire departments from \$609,000 in FY 2005 to \$760,000 annually, supports full or partial reimbursement to local units of government and fire departments for the cost of firefighter training and equipment or gear (as previously provided from the Mandate Assistance line item in the Controlling Board budget), and provides up to \$200,000 per fiscal year for grants to fire departments to assist in the conversion of existing data systems to the National Fire Information Reporting System 5 (NFIRS 5) electronic fire reporting system.

**Temporary Law Provisions: Fire Department Grants (Section 203.75).** A provision in the enacted budget earmarks up to \$760,000 in each fiscal year to make annual grants to volunteer fire departments of up to \$10,000, or up to \$25,000 if the volunteer fire department provides service for an area affected by a natural disaster. The provision also earmarks \$687,140 in each fiscal year for full or partial reimbursement to local units of government and fire departments for firefighter training and equipment, with priority given to fire departments that serve small villages and townships and \$200,000 in each fiscal year for grants of up to \$50,000 to fire departments to assist in the conversion of existing data systems to the NFIRS 5 electronic fire reporting system.

**Program Series 6****Unclaimed Funds**

**Purpose:** To safekeep and return moneys designated as "unclaimed."

The following table shows the line items that are used to fund Unclaimed Funds as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>State Special Revenue Fund</b>				
543	800-602	Unclaimed Funds - Operating	\$7,351,051	\$7,351,051
543	800-625	Unclaimed Funds - Claims	\$52,000,000	\$55,000,000
<b>Total Funding: Unclaimed Funds</b>			<b>\$59,351,051</b>	<b>\$62,351,051</b>

**Program 6.01: Unclaimed Funds**

**Program Description:** Each year, due to death, inadvertence, or forgetfulness, more than 200,000 people and organizations lose track of moneys, rights to moneys, and intangible property in Ohio. The Division of Unclaimed Funds is responsible for the safekeeping and return of moneys designated as "unclaimed." State law requires that these funds be reported to the state for safekeeping after the owners have left the funds unclaimed for a specific period of time, usually five years. The state acts as a custodian for the funds until the rightful owners or their heirs claim them. Common sources of unclaimed funds include: dormant checking and savings accounts, insurance proceeds, unclaimed wages and employment benefits, uncashed checks and money orders, undelivered stock and dividends, forgotten rent or utility deposits, and intangible contents of safe deposit boxes. The Ohio Department of Development and the Ohio Housing Finance Agency use these resources to guarantee and fund low- and moderate-income housing programs. Unclaimed funds also guarantee performance bonds for the Minority Business Bonding Fund.

**Funding Sources:** Funds from the unclaimed funds custodial account under the Treasurer of State which receives at least 10% of the aggregate amount of unclaimed funds of financial and business institutions, as well as the interest earned on these funds

**Implication of the Enacted Budget:** The enacted budget fully funds the Unclaimed Funds program with an appropriation of \$59,351,051 in FY 2006 and \$62,351,051 in FY 2007. The enacted budget increases funding to this program to more accurately reflect what Unclaimed Funds will need to pay in claims in FYs 2006-2007. The budget also requires a transfer of unclaimed funds to the GRF, described immediately below.

**Temporary Law Provisions: Unclaimed Funds Transfers (Section 203.75).** The bill includes a provision that, prior to the end of FYs 2006 and 2007, would transfer to the GRF up to \$50 million of unclaimed funds that have been reported by holders of unclaimed funds irrespective of the allocation of unclaimed funds under section 169.05 of the Revised Code.

**Program Series 7****Labor and Worker Safety**

**Purpose:** To enforce Ohio's labor laws, including wage and hour, child labor, and employee and employer safety and health inspections.

The following table shows the line items that are used to fund the Labor and Worker Safety program as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	800-410	Labor and Worker Safety	\$2,086,477	\$2,032,397
<b>General Revenue Fund Subtotal</b>			<b>\$2,086,477</b>	<b>\$2,032,397</b>
<b>State Special Revenue Fund</b>				
5K7	800-621	Penalty Enforcement	\$50,000	\$50,000
<b>State Special Revenue Fund Subtotal</b>			<b>\$50,000</b>	<b>\$50,000</b>
<b>Total Funding: Labor and Worker Safety</b>			<b>\$2,136,477</b>	<b>\$2,082,397</b>

**Program 7.01: Wage and Hour Law Enforcement**

**Program Description:** The Wage and Hour Law Enforcement program enforces minimum wage and minor labor laws. Since September 2002, over 1,300 schools have registered to file age and schooling certificates (minor work permits) electronically, thus resulting in savings for schools districts, the state, and employers. The program also enforces Ohio's prevailing wage, which is the wage rate that must be paid to employees who are working on any type of public works or public improvement construction project. In FY 2004, this program collected more than \$825,000 in prevailing wage back wages, more than \$111,000 in minimum and overtime back wages, and more than \$43,000 in prevailing wage penalties.

**Funding Sources:** General Revenue Funds; statutory penalties assessed against companies that have violated the prevailing wage laws

**Implication of the Enacted Budget:** The enacted budget fully funds the Wage and Hour Law Enforcement program and allows it to maintain FY 2005 service levels with funding of \$2,136,477 in FY 2006 and \$2,082,397 in FY 2007. It should be noted that the Public Employee Risk Reduction Program (PERRP) and the OSHA On-Site Consultation programs were transferred to the Bureau of Workers' Compensation in the BWC Budget Bill.

**Program Series 8****Program Management**

**Purpose:** To direct, administer, support, and coordinate the activities of the seven operating divisions of the Department and serve as a liaison to other government, corporate, and public entities.

The following table shows the line items that are used to fund Program Management as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Services Fund</b>				
163	800-620	Division of Administration	\$4,262,314	\$4,368,037
163	800-637	Information Technology	\$2,733,853	\$2,785,045
<b>Total Funding: Program Management</b>			<b>\$6,996,167</b>	<b>\$7,153,082</b>

**Program 8.01: Program Management**

**Program Description:** The Program Management section provides communications, fiscal administration, human resources, information technology, legal, legislative affairs, quality, training, and employee development and support services. During the FY 2004-2005 biennium, the Division of Administration consolidated the IT staff within the Division to allow the supervision of all information technology for Commerce through a centralized group.

**Funding Source:** Special assessment levied on the Department's various operating funds. The assessment is a percentage of the actual payroll costs incurred by each of the individual funds within the Department and is collected on a monthly basis (a month in arrears). The percentage is established annually and has steadily increased as a result of the expansion of Commerce's services provided to each of the operating divisions.

**Implication of the Enacted Budget:** The enacted budget fully funds the overall administration of the Department with an appropriation of \$6,996,167 in FY 2006 and \$7,153,082 in FY 2007. The enacted budget increases funding to this program to correct an inadvertent under-appropriation that occurred during the FY 2004-2005 budget cycle. Because of the under-appropriation, the Department went before the Controlling Board in FY 2004 and FY 2005 to bring the Division of Administration's funding in line with its operating costs.