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## **DEPARTMENT OF COMMERCE**

### **Division of Unclaimed Funds**

- Transfers ownership of unclaimed funds to the state if the funds are not claimed by the owner or another person that has a right to payment within ten years after the date the funds are first reported to the Department of Commerce (COM).
- Requires the COM Director, two times each year, to remit unclaimed funds and interest that escheat to the state to the Ohio Cultural and Sports Facility Performance Grant Fund (OCSFPGF).
- Specifies that all property rights, legal title to, and ownership of unclaimed funds and interest vest solely in the state on the date the funds escheat.
- Provides for a ten-year grace period, ending January 1, 2036, during which former owners of unclaimed funds may file a claim and seek repayment after the funds escheat.
- Requires the COM Director to pay claims filed during the grace period from the Unclaimed Funds Trust Fund (UFTF) and not to seek reimbursement from the OCSFPGF or any other source.
- Requires private holders of unclaimed funds to return the funds to the COM Director when the funds escheat to the state.
- Requires the COM Director to develop guidelines and procedures for repayment of unclaimed funds and interest that are invested in nonliquid assets and to ensure that the balance of the UFTF is sufficient to meet the state's repayment obligations.

### **Division of Financial Institutions**

#### **Financial Literacy Education Fund (FLEF)**

- Removes the statutory requirement that 5% of all charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities be transferred to the Financial Literacy Education Fund (FLEF).
- Requires the OBM Director to transfer \$150,000 from the Consumer Finance Fund (CFF) to the FLEF in each of the next two fiscal years.
- Removes the requirement that at least half of FLEF programs be offered at public community colleges and state institutions.
- Removes the requirement that FLEF programs be directed to adults.

### **State Fire Marshal (SFM)**

#### **Online consumer fireworks sales**

- Permits licensed fireworks manufacturers and wholesalers to conduct online sales of 1.4G fireworks ("consumer fireworks"), subject to certain procedural requirements.

- Requires online sales to be linked to a specific manufacturer or wholesaler that will deliver the consumer fireworks in the manufacturer's or wholesaler's retail showroom or via curbside delivery in a designated pick-up zone.
- Allows a manufacturer or wholesaler to construct a tent or other temporary structure in the designated pick-up zone provided the structure is approved by the State Fire Marshal (SFM) and compliant with the State Building Code, the State Fire Code, and local zoning requirements.
- Requires manufacturers and wholesalers that conduct online sales of consumer fireworks to implement reasonable traffic control measures for curbside deliveries.
- Prohibits a manufacturer or wholesaler from delivering consumer fireworks by mail order or other process outside the licensed premises, displaying fireworks for sale outside the retail showroom, or permitting members of the public to access areas of the licensed premises other than the retail showroom and the designated pick-up zone.
- Allows a manufacturer or wholesaler to submit alternative delivery systems for consumer grade fireworks to the SFM for approval.
- Permits the SFM to adopt rules as necessary to implement and enforce the provisions.

### **Fire suppression systems in agricultural structures**

- Excludes covered patios from the calculation of the fire area of an agricultural structure for the purposes of determining the necessity of a fire suppression system.
- Requires a building or zoning official to provide written notification to an affected party that the Fire Code still applies to a building or structure that is exempt from the rules of the Board of Building Standards.

## **Division of Real Estate and Professional Licensing**

### **Real estate salesperson and broker applications**

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

### **Written agency agreements**

- Stipulates when a real estate broker or salesperson must enter into an agency agreement with a seller, purchaser, or tenant.
- Replaces the term "marketing" with "advertising" in continuing law provisions concerning agency agreements.
- Defines "nonexclusive agency agreement" for the purposes of real estate transactions.

## **Burial permit fee**

- Increases the burial permit fee from \$3 to \$10.
- Requires \$6 of each burial permit fee to be allocated to the Cemetery Grant Program.
- Increases the maximum grant amount from \$2,500 to \$5,000.
- Codifies a rule that allows operators of five or more cemeteries to apply a grant annually and all other operators to apply every other year.

## **Division of Securities**

### **Ohio Investor Recovery Fund (OIRF)**

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

### **Security dealer exemption**

- Specifies that a bank holding company or a savings and loan holding company are exempt from obtaining a dealer license when the holding company or its subsidiary is the issuer of the securities and meets other exemption requirements under continuing law.

## **Division of Industrial Compliance**

### **Specialty contractor license application**

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

### **Elevator mechanics**

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

## **Board of Building Standards (BBS)**

### **Residential building code enforcement**

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

- Maintains that the 1% fee paid by certain local building departments to BBS in connection with residential buildings applies to enforcement of both categories of the Residential Building Code.

## **Division of Liquor Control**

### **Spirituos liquor sales**

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

### **D-5j liquor permit criteria**

- Revises one of the conditions under which the D-5j liquor permit may be issued in a community entertainment district by eliminating the stipulation that the municipal corporation in which the permitted premises will be located in the district was incorporated as a village prior to 1880.

### **Liquor permit fee changes**

- Stipulates that the fee for the D-7 liquor permit (restaurants and bars located in a resort area), which is issued for six months, is \$2,814, rather than \$469 per month; thus the fee is the same over the six-month period.
- Changes the current \$60 per day F-4 liquor permit fee (for wine festivals one to three days long) to a flat \$180 fee.
- Changes the current \$60 per day F-11 liquor permit fee (for craft beer festivals one to three days long) to a flat \$180 fee.
- Transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the existing Undivided Liquor Permit Fund to the existing State Liquor Regulatory Fund.
- Increases from \$100 to \$250 the fee for the renewal of an S-2 liquor permit (large winery), thus making the amount of the renewal fee equal to the \$250 fee for an initial S-2 liquor permit.

## **Financial products involving motor vehicles**

- Exempts “excess wear and use waivers,” i.e., contracts that nullify fees that might otherwise be owed at the end of a motor vehicle lease agreement for driving too many miles or damaging the vehicle, from state insurance laws.
- Prohibits conditioning terms of a motor vehicle lease on the consumer’s payment for an excess wear and use waiver.
- Expands the existing insurance law exemption for motor vehicle “debt cancellation or debt suspension products” to include products that provide a financial benefit for the purchase of a new vehicle.

- Limits the current requirement that debt cancellation or debt suspension products be listed as a specific good when invoiced to the consumer to “optional” products that are not a condition of the sale.
- Exempts optional debt cancellation or debt suspension products from state law limitations on interest and finance charges.
- Expands the types of agreements that qualify as “ancillary product protection contracts” and, thus, are exempted from state insurance laws to include certain contracts that protect against lease-end charges, vehicle value protection agreements, and contracts involving under-speed vehicles.
- Requires providers of “vehicle value protection agreements,” i.e., agreements that provide a benefit to the purchaser when a vehicle is lost, stolen, damaged, obsolete, or diminished in value, to allow a 30-day period for the contract holder to cancel the agreement so long as no benefits have been paid.
- Establishes procedures and requirements for contract providers that seek to cancel a vehicle value protection agreement.

## **Division of Unclaimed Funds**

(R.C. 169.08)

### **Background**

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

Unclaimed funds paid to the COM Director must be deposited with a financial organization in income-bearing accounts or with the Treasurer of State to the credit of the Mortgage Insurance Fund, Housing Development Fund, or Minority Business Bonding Fund.

### **Escheatment**

Under the bill, beginning January 1, 2026, unclaimed funds that are not claimed by an owner or another person with a valid right or interest within ten years are deemed abandoned and escheat to the state. “Escheatment” means that all property rights, legal title to, and ownership of unclaimed funds and interest vest solely in the state. The ten-year escheatment period begins when the unclaimed funds are reported to the COM Director by the holder, as required by continuing law.

The bill requires the COM Director to remit escheated unclaimed funds to the Ohio Cultural and Sports Facility Performance Grant Fund (OCSFPGF), created by the bill, two times

each year, on the first days of January and July, beginning in 2026. The first \$600 million of the escheated unclaimed funds are designated to pay the costs of the Cleveland Browns stadium project in Brook Park (see “**Facilities Construction Commission**”). The COM Director must notify the OBM Director of all funds and interest remitted.

### **Grace period**

Generally, once unclaimed funds escheat to the state, the owner is not permitted to seek repayment. However, the bill establishes a ten-year grace period during which the former owner or other person claiming a property interest in escheated unclaimed funds may file a claim and seek payment. Once the person provides sufficient proof of the validity of the claim, the COM Director must pay the claim less any expenses and costs incurred by the state in securing full title and ownership of the unclaimed funds. The grace period ends on January 1, 2036.

If a payment is made for escheated unclaimed funds during the grace period, no action can be maintained by any other claimant against the state for or on account of the payment of the claim. The bill requires the COM Director to pay these claims from the Unclaimed Funds Trust Fund (UFTF) and not seek reimbursement from the OCSFPGF or deduct the amount of such claims from future remissions to that Fund. The bill specifies that any claim filed for escheated unclaimed funds after the grace period is void.

### **Holder-invested funds**

Under continuing law, the holder of unclaimed funds may enter into an agreement with the COM Director whereby the holder keeps and invests the unclaimed funds until such time as the funds are claimed. The bill specifies that unclaimed funds and interest invested by the holder under such an agreement must be returned to the state when the funds are deemed abandoned and escheat.

### **Guidelines**

The bill requires the COM Director to develop guidelines and procedures to implement the escheatment provisions including procedures addressing (1) repayment of unclaimed funds and interest that are invested in nonliquid assets, and (2) ensuring that the balance of the UFTF is sufficient to meet the state’s financial obligations under the Unclaimed Funds Law.

## **Division of Financial Institutions**

### **Financial Literacy Education Fund**

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

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

The bill removes the requirement that the COM Director adopt a rule requiring that at least half of the FLEF programs be offered at public community colleges and state institutions. It also removes the requirement that the programs be directed to adults.

## **State Fire Marshal (SFM)**

### **Online consumer fireworks sales**

(R.C. 3743.48; conforming changes in R.C. 3743.04, 3743.06, 3743.17, 3743.19, 3743.25, 3743.60, 3743.61, 3743.63, and 3743.65)

#### **Background**

Under current law, fireworks manufacturers and wholesalers are restricted to selling 1.4G fireworks (“consumer fireworks”) through in-person transactions within a retail showroom on a licensed premises. In effect, this prohibits licensed manufacturers or wholesalers from engaging in online sales and prohibits the delivery of purchased consumer fireworks outside of a licensed indoor retail showroom.<sup>36</sup> However, in recent years, the State Fire Marshal (SFM) has issued variances allowing for online sales and curbside delivery to ease congestion in showrooms.<sup>37</sup>

#### **Online sales of consumer fireworks**

The bill permits licensed fireworks manufacturers and wholesalers to conduct online sales of consumer fireworks through a website or other digital platform. However, this only applies to consumer fireworks sold at retail, and not to 1.3G display fireworks or to wholesale sales. Each online sale must be associated with a single licensed manufacturer or wholesaler identified by its license identification number and the address of the licensed premises. Following an online sale, the manufacturer or wholesaler must transfer possession of the fireworks to the consumer within the retail showroom or through curbside delivery as described below (see “**Curbside pickup of consumer fireworks**”).

Under the bill, a licensed manufacturer or wholesaler that engages in online fireworks sales is required to do all of the following:

- Comply with all applicable state and local laws, including the state building code, state fire code, and zoning requirements;
- Implement reasonable traffic control measures for curbside deliveries;
- Maintain all regular fireworks sales records, including any records necessary to demonstrate compliance with the bill;
- Make those records available upon request of the SFM or any law enforcement officer, fire code official, or building code official with jurisdiction.

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<sup>36</sup> R.C. 3743.01(D)(2), not in the bill.

<sup>37</sup> 2020 Ohio State Fire Marshall Variance No. V17ed.- 051, 2024 Ohio State Fire Marshall Variance No. V17ed.- 021.

The bill does not require any fireworks manufacturer or wholesaler to conduct online sales of consumer fireworks, nor does it reduce, waive, or otherwise eliminate any licensure, insurance, workers compensation, or safety requirements prescribed by continuing law. Furthermore, the bill clarifies that consumer fireworks sold online are subject to the same 4% consumer-grade fireworks fee that applies to in-person sales.

### **Curbside pickup of consumer fireworks**

The bill also allows manufacturers and wholesalers to transfer possession of consumer fireworks through curbside delivery. If a manufacturer or wholesaler chooses to conduct curbside delivery, it must comply with all of the following:

- The delivery is made only to the verified purchaser of the fireworks;
- The delivery occurs on the licensed premises associated with sale;
- The delivery occurs in a designated customer pick-up zone which may be accessible by motor vehicles;
- The purchaser is provided a safety pamphlet at the point of delivery, as required by continuing law;
- The purchaser is offered safety glasses for a nominal fee at the point of delivery, as required by continuing law.

Before transferring possession of the fireworks, a manufacturer or wholesaler must verify all of the following:

- The number and types of items included in the order;
- That the purchaser is at least 18 years old;
- That the purchaser's name is the same name associated with the credit or debit card with which the order was placed;
- That the purchaser attests to understanding and agrees to comply with all applicable federal, state, and local laws regarding consumer fireworks storage and use;
- That the purchaser signs all forms required by continuing law;
- That the purchaser pays the 4% consumer-grade fireworks fee.

Under the bill, a manufacturer or wholesaler may construct a tent or other temporary structure on a licensed premises from which to conduct curbside deliveries. This tent or temporary structure must be approved by the SFM and in compliance with all state and local laws, including the state building code, the state fire code, and any applicable zoning requirements.

### **Prohibitions**

The bill prohibits a fireworks manufacturer or wholesaler from doing any of the following:

- Delivering fireworks via mail order, parcel service, or any other delivery process that occurs outside of the licensed premises;



- Selling or offering for sale fireworks or other items outside of the licensed retail showroom, except as expressly authorized by the bill;
- Displaying fireworks for sale outside of a retail showroom;
- Permitting any member of the public to access any areas on the licensed premises other than the retail showroom and the designated area for curbside delivery.

### **Alternative purchase and delivery systems**

Under the bill, a manufacturer or wholesaler may sell and transfer possession of consumer fireworks through standard retail showroom sales or through a hybrid purchase and delivery system, which may include one or more of the following:

- Standard retail showroom sales;
- Online selection of, or payment for, consumer fireworks and in-store showroom delivery of those products;
- Online selection of, or payment for, consumer fireworks and curbside delivery of those products;
- Retail showroom-based product selection and payment, and curbside delivery of those products;
- Other similar purchase and delivery systems approved in writing by the SFM in accordance with the bill.

As described above, manufacturers and wholesalers may submit alternative purchase and delivery proposals to the SFM for consideration and approval. The SFM must review each proposal and, if a proposal meets the requirements of the bill, may choose to approve the proposal.

### **Rulemaking authority**

The bill authorizes the SFM to adopt rules and standards as necessary to implement and enforce the online sale and curbside delivery provisions. All selection, ordering, payment, and delivery must be carried out in accordance with all other procedures and requirements of Ohio fireworks laws and all rules adopted by the SFM, except to the extent that those procedures, requirements, and rules directly conflict with the bill.

### **Fire suppression systems in agricultural structures**

(R.C. 3737.83)

Under current law, certain buildings or structures which are incident to the use for agricultural purposes of the land are exempt from the Ohio Building Code if the buildings or structures are not used for the business of retail trade. A building or structure is not considered used in the business of retail trade if 50% or more of the gross income received from sales of products in the building or structure by the owner or operator is from sales of products produced or raised in a normal crop year on farms owned or operated by the seller. "Agricultural purposes" include agriculture, farming, dairying, pasturage, apiculture, algaculture meaning the farming of

algae, horticulture, floriculture, viticulture, ornamental horticulture, olericulture, pomiculture, and animal and poultry husbandry.

The bill requires that, for the purposes of determining whether an automatic sprinkler system or other fire suppression system is needed, the calculation of the fire area does not include a covered patio and its area if all the following apply:

- The building or structure would be classified as an assembly occupancy.
- The covered patio is completely open to the atmosphere without enclosing walls on at least three sides all year with accessible means of egress on each side.
- The occupant load of the covered patio does not exceed 100 occupants.
- The floor area of the covered patio is at the level of exit discharge.
- If the patio is constructed on or after the effective date of this amendment, the horizontal assembly or roof and columns are constructed of materials that are noncombustible, limited-combustible, or fire-retardant treated wood.

Buildings and structures that are exempt from the Building Code are not automatically exempt from the Fire Code. If a building or zoning official determines that a building or structure is exempt from the Building Code, the official must notify in writing the affected party that the Fire Code still applies to such a location.

## **Division of Real Estate and Professional Licensing**

### **Real estate salesperson and broker applications**

(R.C. 4735.06 and 4735.09)

Continuing law requires that real estate salespersons and brokers obtain a license from the Superintendent of the Division of Real Estate and Professional Licensing within COM. The bill requires the applicant for a real estate salesperson or broker license to include on the application the address of the applicant's current residence. In the case of a real estate broker, which can be an individual or a business, the bill requires that if the applicant is not an individual, the application must include the address of the current residence of each of the applicant's members or officers. The bill specifies that the address information is not subject to Ohio's Public Records Law.<sup>38</sup>

### **Written agency agreements**

(R.C. 4735.01, 4735.55, 4735.56, and 4735.80)

#### **Background**

Under continuing law, licensed brokers and salespersons are required to enter into written agency agreements prior to engaging in activities on behalf of a purchaser or seller in residential real estate transactions. If the broker or salesperson is working on behalf of a seller,

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<sup>38</sup> R.C. 4735.06(A)(3) and (4) and 4735.09(A).

they must enter into the agreement prior to marketing or showing the seller's residential real property. If the broker or salesperson is working on behalf of a purchaser, they must enter into the agreement prior to making an offer to purchase residential real property on behalf of the purchaser or prior to making an offer to lease a residential premises on behalf of the purchaser for a term exceeding 18 months.

Similarly, under current law a broker or salesperson working as part of a brokerage must provide a seller with their brokerage policy on agency prior to marketing or showing the seller's real estate.

### **Replace “marketing” with “advertising”**

The bill replaces the term “marketing” with the term “advertising” in each of these provisions. Marketing is not defined in the law that regulates real estate salespersons and brokers. Advertisement is defined under Ohio Administrative Code rules as any manner, method, or activity by which a licensed real estate broker or salesperson makes known to the general public properties for sale or lease or any services for which a real estate license is required. The term does not include forms of private communication between a licensee and a client, customer, or prospective client.<sup>39</sup>

### **Add references to “tenants”**

The bill also makes a technical change related to agency agreements for leases exceeding 18 months. Current law uses the term “purchaser” to mean either a buyer or a tenant in a real estate transaction. The bill adds the term “tenant” wherever the context requires.

### **Nonexclusive agency agreements**

Continuing law requires that the written agency agreement, in part, include a statement of whether the agency relationship between the licensee and client is exclusive or nonexclusive. Current law defines “exclusive agency agreement” but does not address the meaning of “nonexclusive agency agreement.” The bill defines “nonexclusive agency agreement” as an agency agreement between a purchaser, tenant, or seller and a broker that meets the requirements under Ohio law for written agency agreements and does both of the following:

- Grants the broker the nonexclusive right to represent the purchaser, tenant, or seller in the purchase, sale, or lease of property;
- Provides the broker will be compensated in accordance with the terms specified in the nonexclusive agency agreement, and the purchaser, tenant, or seller may obtain services from other brokers or brokerage firms, subject to the terms of the nonexclusive agency agreement.

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<sup>39</sup> O.A.C. 1301:5-102(H).

## **Burial permit fee**

(R.C. 3705.17 and 4767.10)

The bill increases the burial permit fee from \$3 to \$10. Under continuing law, when obtaining a burial permit, a funeral director or other person must pay a fee to the local registrar or sub-registrar. The local registrar or sub-registrar that issues the burial permit retains 50¢. The remainder is paid to the Cemetery Registration Fund.

Under current law, the first \$1 paid to the Cemetery Registration Fund is used to award grants to defray the cost of exceptional cemetery maintenance and training cemetery personnel. The other \$1.50 is used to maintain operations of the Division of Real Estate and Professional Licensing and the Cemetery Dispute Resolution Association. The bill increases the amount that must be used to fund grants to \$6, leaving \$3.50 for the operational costs of the Division and Association.

Under current law, operators of five or more registered cemeteries may apply for one grant up to \$2,500 each year. Other operators may apply for one such grant every other year.<sup>40</sup> The bill increases the maximum grant amount to \$5,000 and codifies the current practices of the Division concerning annual and biennial grant eligibility.

## **Division of Securities**

### **Ohio Investor Recovery Fund**

(R.C. 1707.47)

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

### **Security dealer exemption**

(R.C. 1707.01 and 1707.14)

Under continuing law, a “securities dealer,” i.e., a person that engages in the business of buying and selling securities for their own account and not for a client, is required to obtain a license from the Division of Securities within COM. Banks are exempt from the definition and, therefore, are not required to obtain a license. Continuing law also provides for other exemptions, one of which expanded by the bill.

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<sup>40</sup> O.A.C. 1301:13-7-01.

Under continuing law, when a person is an issuer selling securities the person or the person's subsidiary issued, the person is not required to obtain the license if the securities include any of the following:

- Commercial paper and promissory notes when they are not offered directly or indirectly for sale to the public.
- Any security, except notes, bonds, debentures, or other evidences of indebtedness or of promises or agreements to pay money, issued by a person, corporation, or association organized not for profit, if no part of the net earnings of such issuer inures to the benefit of any shareholder or member of such issuer or of any individual, and if the total commission, remuneration, expense, or discount in connection with the sale of such securities does not exceed 2% of the total sale price thereof plus \$500.
- Issuance of securities in reorganizations.

The bill expands this exemption to apply to both bank holding companies and savings and loan holding companies. Therefore, under the bill, if a bank holding company or a savings and loan holding company meets one of the three exemptions above, a dealer license is not required.

## **Division of Industrial Compliance**

### **Specialty contractor license application**

(R.C. 4740.06)

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

### **Elevator mechanics**

(R.C. 4785.041; Section 125.10)

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

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

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

## Board of Building Standards (BBS)

### Divide Residential Building Code

(R.C. 3781.10 and 3781.102)

Ohio has two building codes: one for *nonresidential buildings* (a building that is not a residential building or a manufactured or mobile home), and one for *residential buildings* (a one-family, two-family, or three-family dwelling house, and any accessory structure incidental to that dwelling house, but not an industrialized unit or a manufactured or mobile home).<sup>41</sup> The codes are adopted pursuant to the Building Standards Law.<sup>42</sup> Under current law, changed in part by the bill, the Residential Building Code provides uniform requirements for residential buildings in any area with a certified local building department.

The bill divides enforcement of the Residential Building Code into two distinct categories:

1. The erection and construction of new residential buildings;
2. The repair and alteration of existing residential buildings.

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

## Division of Liquor Control

### Spirituos liquor sales

(R.C. 4301.19)

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

### D-5j liquor permit criteria

(R.C. 4303.181)

The bill revises one of the conditions under which the D-5j liquor permit may be issued by eliminating the stipulation that the municipal corporation in which the permitted premises will be located in the district was incorporated as a village prior to 1880. A D-5j liquor permit may

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<sup>41</sup> R.C. 3781.06, not in the bill.

<sup>42</sup> R.C. Chapters 3781 and 3791.

only be issued in a community entertainment district. Generally, a community entertainment district is an area that includes or will include a variety of entertainment activities such as sporting, social, cultural, and arts establishments.

### **Liquor permit fees**

#### **D-7 liquor permit fee**

(R.C. 4303.183)

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

#### **F-4 liquor permit fee**

(R.C. 4303.204)

The bill changes the fee for an F-4 liquor permit (Ohio wine festival, see below), which is issued for one to three days depending on the length of the festival, from \$60 per day to a flat \$180. Thus:

1. If the festival is one day, the bill increases the fee from \$60 to the flat \$180.
2. If the festival is two days, it increases the fee from \$120 to the flat \$180.
3. If the festival is three days, it retains the \$180 fee.

#### **F-11 liquor permit fee**

(R.C. 4303.2011)

The bill makes similar changes to the F-11 liquor permit (Ohio craft beer festival, see below, which is issued for one to three days) as it does for the F-4 permit described above. It replaces the \$60 per-day fee with a flat fee of \$180.

Under continuing law, the three-day limitation does not apply to an exposition at the Ohio State Fairgrounds.

#### **H liquor permit fee**

(R.C. 4301.12 and 4301.30)

The bill transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the existing Undivided Liquor Permit Fund to the existing State Liquor Regulatory Fund. Under current law, the Undivided Liquor Permit Fund is used for the following:

1. To fund alcohol treatment programs;
2. To fund local governments in which liquor permit premises are located; and
3. To be credited to the existing State Liquor Regulatory Fund, which is used to fund the Division of Liquor Control's operating expenses.

Under current law, the State Liquor Regulatory Fund consists of liquor permit fees from B-2a, S-1, and S-2 permits paid by B-2a, S-1, and S-2 permit holders that do not also hold A-1 or A-1c permits or A-2 or A-2f permits (see below).

### **S-2 liquor permit renewal fee**

(R.C. 4303.233)

The bill increases from \$100 to \$250 the fee for the renewal of an S-2 liquor permit (large winery, see below), thus making the amount of the renewal fee equal to the \$250 fee for an initial S-2 liquor permit.

### **Background**

Below is a list of permits referenced above, along with a description of the authorized activity under the permit.

Types of liquor permits	
Class of liquor permit	Authorized activity
A-1	Large brewery may sell its beer for on- or off-premises consumption.
A-1-A	Brewery, winery, or distillery may sell beer and any intoxicating liquor by glass or from a container; a brewery may sell beer for off-premises consumption.
A-1c	Craft brewery may sell its beer for on- or off-premises consumption.
A-2	Winery may sell wine to personal consumers for on- or off-premises consumption and to wholesalers.
A-2f	Farm winery (same authorized activity as a winery, but winery grows grapes and other agricultural products).
A-3a	Micro-distillery (less than 100,000 gallons a year) may sell to personal consumers a specified amount of spirituous liquor.
A-4	Mixed beverage manufacturer may sell mixed beverages to wholesale and retail permit holders.
B-2a	Wine manufacturer may sell to retail liquor permit holders only wine it manufactures and for which a territory designation has not been filed with the state.



Types of liquor permits	
Class of liquor permit	Authorized activity
D-7	A restaurant or bar located in a resort area may sell beer or intoxicating liquor for on-premises consumption.
F-4	An Ohio wine festival organizer may give away 2 oz. samples of Ohio wine or sell individual glasses of wine for on-premises consumption and A-2 permit holder may sell bottles for off-premises consumption.
F-11	An Ohio craft beer festival organizer may sell 4 oz. samples or up to 16 oz. containers of craft beer for on-premises consumption.
H	Transporter or deliverer may transport or deliver beer and intoxicating liquor (not required for manufacturers or distributors).
S-1	Small brewery or small winery may sell their beer or wine directly to a personal consumer.
S-2	Large winery may sell their wine to a personal consumer either directly or through a fulfillment warehouse.

## Financial products involving motor vehicles

(R.C. 1310.251, 1317.05, and 3905.426)

### Overview

Continuing law exempts certain maintenance, value protection, and repair products offered in connection with the sale or lease of a motor vehicle from state insurance laws. The bill expands the types of products that qualify for that exemption. It also modifies some of the requirements associated with those products, including requirements involving invoicing, cancellation, and surety.

### Excess wear and use waivers

The bill creates a new class of motor vehicle products, referred to as “excess wear and use waivers,” that are exempt from state insurance laws. A vehicle lease agreement typically stipulates how many miles the person leasing the vehicle may drive the vehicle each year for the duration of the lease. For example, it is common for leases to allow up to 10,000 or 12,000 miles per year. At the end of the lease, a fee is paid for each mile driven beyond the allotted amount. Excess wear and use waivers effectively nullify those fees.

Under the bill, an “excess wear and use waiver” is defined as any contractual agreement that is part of, or a separate addendum to, a lease agreement for use of a motor vehicle, under which the lessor (the entity providing the vehicle) agrees, with or without a separate charge, to do one or both of the following:

- Cancel or waive all or part of amounts that may become due under a lease agreement as a result of excess wear and use of a motor vehicle;
- Cancel or waive amounts due for excess mileage.

The bill specifies that the terms of a lease are not to be conditioned upon the consumer’s payment for any excess wear and use waiver. Excess wear and use waivers may be discounted or given at no extra charge in connection with the purchase of other noncredit related goods or services.

### **Debt cancellation or debt suspension products**

A “debt cancellation or debt suspension product” is an agreement, exempt from state insurance laws, that cancels any debt associated with a motor vehicle that is destroyed or stolen. Under continuing law, the term includes a guaranteed asset protection waiver, guaranteed auto protection waiver, or any other similarly named agreement. The bill adds that a debt cancellation or debt suspension product may also provide a benefit that waives an amount, or provides a borrower with a credit, towards the purchase of a replacement motor vehicle. Such a benefit may be included with or without a separate charge.

Current law requires the charges associated with debt cancellation or debt suspension products to be listed as a specific good. In other words, the charge cannot be lumped in with the total purchase price for the vehicle. Under the bill, this requirement applies only to “optional” debt cancellation or debt suspension products. Consequently, it appears that when a retail seller conditions the sale of a motor vehicle on the consumer’s purchase of a debt cancellation or debt suspension product, that product need not be itemized, and may be lumped into the total purchase price.

Furthermore, the bill specifies that optional debt cancellation or debt suspension products are not to be considered a finance charge or interest. Under continuing law, a finance charge is an amount paid or contracted to a retail seller for the privilege of paying the principal balance of the transaction in installments over time. Ohio law caps the amount that a retail seller may collect as a finance charge or interest. The bill seemingly exempts optional debt cancellation or debt suspension products from those limits. In addition, finance charges are subject to certain disclosure requirements under the federal “Truth in Lending Act” (TILA). It is not clear what, if any, affect the bill would have on the application of TILA to debt cancellation or debt suspension products.<sup>43</sup>

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<sup>43</sup> R.C. 1317.01, 1317.06, and 1343.01, not in the bill; 15 U.S.C. 1601, *et. seq.*

### **Protection against lease-end charges**

The bill expands the services that qualify as motor vehicle ancillary product protection contracts to include, in conjunction with a leased vehicle, both of the following:

- The repair, replacement, or maintenance of property, or indemnification for repair, replacement, or maintenance, due to excess wear and use, damage for items such as tires, paint cracks or chips, missing interior or exterior parts, or excess mileage that results in a lease-end charge; and
- Any other charge for damage that is deemed as excess wear and use by a lessor under a motor vehicle lease.

The bill specifies that such services do not qualify as a motor vehicle ancillary product protection contract if the charge exceeds the purchase price of the vehicle at the end of the lease term. It appears that an excess wear and use waiver, described above, would qualify as an ancillary product protection contract in at least some cases.

### **Vehicle value protection agreements**

The bill also specifies that a motor vehicle ancillary product protection contract includes a vehicle value protection agreement.

#### ***Characteristics***

When a motor vehicle is damaged, lost, stolen, or otherwise depreciates in value, these agreements provide a benefit towards either the reduction of some or all of the contract holder's current finance agreement deficiency balance (such as an amount still owed on a vehicle loan or lease agreement), or towards the purchase or lease of a replacement motor vehicle or motor vehicle services. Under the bill, "vehicle value protection agreement" includes trade-in-credit agreements, diminished value agreements, depreciation benefit agreements, or other similar agreements. "Vehicle value protection agreement" does not include a debt suspension or debt cancellation product. "Finance agreement" is defined as a loan or retail installment contract secured by a motor vehicle or a lease.

#### ***Cancellation by contract holder***

The bill specifies that a vehicle value protection agreement may be canceled by the contract holder within 30 days of the effective date of the agreement. If the agreement is cancelled, the contract holder is entitled to a full refund of the purchase price, so long as no benefits have been paid under the agreement.

For those vehicle value protection agreements that allow the contract holder to cancel the agreement *more* than 30 days after the effective date of the agreement, the agreement must state the conditions under which it may be canceled, including the procedures for requesting any refund of the purchase price paid by the contract holder and the methodology for calculating any refund of the purchase price.

Any refund provided in response to a cancellation initiated by the contract holder is required to be paid to the seller or assignee of a retail installment contract or lease agreement unless otherwise agreed to by the contract holder and the seller or assignee.

***Cancellation by contract provider***

If a vehicle value protection agreement is cancelled by the contract provider, the provider is required to mail a written notice to the contract holder at the holder's last known address at least five days prior to cancellation. Prior notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the contract holder to the contract provider or administrator, or a substantial breach of duties by the contract holder relating to the covered product or the use of the covered product. Such a notice must state the effective date of the cancellation and the reason for the cancellation.

If a vehicle value protection agreement is canceled by the contract provider for a reason other than nonpayment of the provider fee, the provider is required to refund to the contract holder 100% of the "unearned" provider fee paid by the contract holder, if any. The bill does not specify how or when all, or a portion of, the fee is earned by the contract provider. If coverage under the vehicle value protection agreement continues after a claim, then the bill specifies that all paid claims may be deducted from any required refund. A reasonable administrative fee of up to \$75 may be charged by the contract provider and deducted from any refund due to cancellation.

**Under-speed vehicles**

The bill amends the definition of "motor vehicle" to include an under-speed vehicle, which is a three- or four-wheeled vehicle that can go less than 20 miles per hour and has a weight of less than 3,000 pounds. In effect, this change exempts ancillary product protection contracts involving under-speed vehicles from insurance laws