



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Michael Lynch, Ohio Department of Job and Family Services

FROM: Michael Bender, Business Advocate

DATE: October 4, 2024

RE: CSI Review – Common Paymaster (OAC 4141-11-13)

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Department as provided for in ORC 107.54.

Analysis

This rule package consists of one new rule and one rescinded rule proposed by the Ohio Department of Job and Family Services (ODJFS) as part of the statutory five-year review process. This rule package was submitted to the CSI Office on September 10, 2024, and the public comment period was held open through September 17, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on September 10, 2024.

Ohio Administrative Code (OAC) 4141-11-13 is rescinded and replaced by a new rule with the same number. The new rule requires employers to report and make unemployment compensation payments in accordance with ORC Chapter 4141. The rule prohibits a common paymaster arrangement, where one legal entity reports or makes these payments for another legal entity. Compared to the rescinded version of the rule, the new version is revised to make an exception to the aforementioned prohibition for concurrent employers that reorganize their structure or are substantially commonly owned, managed, or controlled.

During early stakeholder outreach, ODJFS put the rules through its online clearance process from

77 SOUTH HIGH STREET | 30TH FLOOR | COLUMBUS, OHIO 43215-6117

CSIPublicComments@governor.ohio.gov

August 22, 2024, through August 29, 2024. Among the entities who received notification of the clearance process were the Ohio Chamber of Commerce (Ohio Chamber), Policy Matters Ohio, and the National Federation of Independent Business. ODJFS received no comments through the online clearance process. During the CSI public comment period, the Ohio Chamber expressed its support for the proposed changes, noting how they would reform the administration of Ohio's unemployment compensation by reducing compliance burdens for employers with multiple unemployment accounts. ODJFS made grammatical corrections to the new rule.

The business community impacted by the rules includes approximately 220,000 employers who file reports and pay into the Ohio Unemployment Compensation Trust Fund. The adverse impacts created by the rules include the time needed for employers to file unemployment compensation payments and the prohibition against common paymaster arrangements. ODJFS points out that the changes in the new version of the rule make an exception to the prohibition against common paymaster arrangements for employers that reorganize their structure or are substantially commonly owned, managed, or controlled. ODJFS states that the adverse impacts to business are justified to implement federal and state statutory requirements as well as ensure that unemployment compensation payments are properly made.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that ODJFS should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.