

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 4141-1-04

**Rule Type:** Rescission

**Rule Title/Tagline:** Limited partnership associations, limited partnerships and limited liability companies.

**Agency Name:** Department of Job and Family Services - Unemployment Compensation

**Division:**

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#### I. Rule Summary

1. **Is this a five year rule review?** Yes
  - A. **What is the rule's five year review date?** 2/6/2024
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 4141.13
5. **What statute(s) does the rule implement or amplify?** 4141.33
6. **Does the rule implement a federal law or rule in a manner that is more stringent or burdensome than the federal law or regulation requires?** No
  - A. **If so, what is the citation to the federal law or rule?** Not Applicable
7. **What are the reasons for proposing the rule?**

Five year review.
8. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

This rule defines limited partnership associations, limited partnerships and limited liability companies pertaining to unemployment insurance.

9. **Does the rule incorporate material by reference? Yes**
10. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.**

This rule incorporates one or more references to the Ohio Revised Code. This question is not applicable to any incorporation by reference to the Ohio Revised Code because such reference is exempt from compliance with RC 121.71 to 121.74 pursuant to RC 121.75(A)(1)(a).

11. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

*Not Applicable*

## **II. Fiscal Analysis**

12. **Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will have no impact on revenues or expenditures.

\$0.00

No fiscal effects expected on current or future budgets.

13. **What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

No new costs of compliance.

14. **Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No**

15. **Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No**

16. **If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.**

Not Applicable.

### **III. Common Sense Initiative (CSI) Questions**

- 17. Was this rule filed with the Common Sense Initiative Office? No
- 18. Does this rule have an adverse impact on business? No
  - A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? No
  - B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No
  - C. Does this rule require specific expenditures or the report of information as a condition of compliance? No
  - D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No

### **IV. Regulatory Restriction Requirements under S.B. 9. Note: This section only applies to agencies described in R.C. 121.95(A).**

- 19. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? Yes
  - A. How many new regulatory restrictions do you propose adding to this rule? 0
  - B. How many existing regulatory restrictions do you propose removing from this rule? 11

4141-1-04: (B) Individuals who are limited partners in a limited partnership pursuant to Chapter 1782. of the Revised Code shall be considered in the employment of the limited partnership to the extent that remuneration in a form other than share of profits is received by such limited partners for services performed for the limited partnership.

4141-1-04: (C) The determination as to whether individuals are in covered employment with a

single-member limited liability company for the purposes of Chapter 4141. of the Revised Code shall be determined based on the limited liability company's tax classification for federal income and federal unemployment tax purposes as follows:

4141-1-04: (C)(1) The member of a single-member limited liability company that has not elected to be treated as a corporation shall be treated as a sole proprietor.

4141-1-04: (C)(1) Services performed for the limited liability company by family members of the sole proprietor shall not constitute covered employment with the limited liability company if such family members meet the requirements of division (B)(3)(f) of section 4141.01 of the Revised Code.

4141-1-04: (C)(2) The member of a single-member limited liability company that has elected to be treated as a corporation shall be considered to be in covered employment with the limited liability company if the member receives remuneration for services rendered to the limited liability company or renders services in anticipation of receiving remuneration from the limited liability company.

4141-1-04: (C)(3) If the member of a single-member limited liability company is a corporation, a corporate officer of that corporation shall be considered to be in covered employment with the limited liability company if the officer receives remuneration for services rendered to the limited liability company, or renders services to the limited liability company in anticipation of receiving remuneration.

4141-1-04: (D) The determination as to whether individuals are in the employment of a multi-member limited liability company for the purposes of Chapter 4141. of the Revised Code shall be determined based on the limited liability company's tax classification for federal income and federal unemployment tax purposes, as follows:

4141-1-04: (D)(1) If all of the members of a multi-member limited liability company that has not elected to be treated as a corporation are individuals, the members shall be treated as partners.

4141-1-04: (D)(1) Services performed by a family member of any individual member of the limited liability company shall not constitute covered

employment with the limited liability company if the relationship of each individual member of the limited liability company to the family member meets the requirements of division (B)(3)(f) of section 4141.01 of the Revised Code.

4141-1-04: (D)(2) If the members of a multi-member limited liability company that has elected to be treated as a corporation are two or more individuals, they shall be considered to be in covered employment with the limited liability company if they receive remuneration for services rendered to the limited liability company, or render services to the limited liability company in anticipation of receiving remuneration.

4141-1-04: (D)(3) If the members of a multi-member limited liability company are corporations, a corporate officer of any of those corporations shall be considered to be in covered employment with the limited liability company if the officer receives remuneration for services rendered to the limited liability company, or renders services to the limited liability company in anticipation of receiving remuneration.

- C. If you are not removing existing regulatory restrictions from this rule, please list the rule number(s) from which you are removing restrictions.**
- D. Please justify the adoption of the new regulatory restriction(s).**

Not Applicable