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# **Common Sense Initiative**

Mike DeWine, Governor

Joseph Baker, Director

### **MEMORANDUM**

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

**FROM:** Michael Bender, Business Advocate

**DATE:** February 14, 2025

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

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 amended rule proposed by the Ohio Department of Job and Family Services (ODJFS). This rule package was submitted to the CSI Office on January 31, 2025, and the public comment period was held open through February 7, 2025. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on January 31, 2025.

Ohio Administrative Code 4141-11-13 requires employers to report and make unemployment compensation payments in accordance with ORC Chapter 4141. A common paymaster arrangement, where one legal entity reports or makes these payments for another legal entity, is prohibited, with an exception for concurrent employers that reorganize their structure or are substantially commonly owned, managed, or controlled. The rule is amended to apply to commonly owned or reorganizing business who were under appeal as of January 1, 2025, and to remove a provision addressing a legal entity that reports or makes payments for other legal entities where one legal entity consolidates the payroll functions of other legal entities for unemployment tax reporting purposes but does not transfer the direction and control of employees.

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During early stakeholder outreach, ODJFS put the rule through its online clearance process from August 22, 2024, through August 29, 2024. All employer and claimant/employee stakeholder interested parties were able to review and comment on the rule. Among the entities who received notification of the clearance process were the Ohio Chamber of Commerce, Policy Matters Ohio, and the National Federation of Independent Business. ODJFS received no comments through the online clearance process or during the CSI public comment period.

The business community impacted by the rule includes approximately 220,000 employers who file reports and pay into the Ohio Unemployment Compensation Trust Fund. The adverse impacts created by the rule include the time needed for employers to file unemployment compensation payments and the prohibition against common paymaster arrangements. 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 rule with the Joint Committee on Agency Rule Review.