

- Regional transit authorities could also lose sales tax revenues for the same reason.

Detailed Fiscal Analysis

Provisions of the Bill

The bill would allow county clerks of courts to accept additional methods of payment for automobile sales taxes when a certificate of title is issued for a motor vehicle. The new methods of payment allowed by the bill include: corporate, business, or personal check, credit card, electronic transfer card, and debit card.

Fiscal Effects of the Bill

According to Clerk of Courts officials in Franklin and Montgomery counties, the bill would mainly effect private individuals paying the title tax, as opposed to car dealers or banks. Clerk of Courts officials said that their number one complaint from the general public was that individuals were not allowed to pay their title taxes with a check.

Officials estimate that the general public pays 30% to 40% of total title taxes collected each year. Clerk of Courts' officials also estimated that over 80% of private individuals, who now must pay in cash or certified check, would likely pay with a check if that option were available. However, allowing people to pay the tax with a check could result in loss of revenue due to a certain amount of the checks being dishonored and finally deemed uncollectable.

It is difficult to estimate exactly what percentage of checks would never be collected upon. However, a Montgomery county official calculated from data provided by the State of Ohio's Bureau of Motor Vehicles that the Ohio BMV does not collect on 1/5 of 1% (or 0.2%) of all the checks written to pay for the various licensing and other fees the BMV collects.

In FY1996, Franklin County received \$74 million dollars in title taxes and Montgomery County received \$45 million. Assuming that the general public accounted for 30%-40% of the total title taxes of each county, with 90% of the public paying with a personal check, and that both counties would have a similar bad check rate to the Ohio BMV, one could estimate that if both counties had accepted personal checks from private individuals in FY1996, then Franklin County could have lost between \$40,500 to \$54,000 in tax revenue, while Montgomery County could have lost between \$24,300 and \$32,400.

In FY1996, the total dollar amount for title taxes collected by Ohio counties was approximately \$141,888,000. Utilizing the same assumptions from above, it can be estimated that Ohio's counties could have lost between \$76,619 and \$102,159 in FY1996.

In FY 1996, the State of Ohio generated approximately \$709,440,000 in title tax revenues. Again, utilizing the same assumptions as above, Ohio could have lost between \$383,097 and \$510,797 in title tax revenue if payment by check were permitted. Of these amounts, 4.2 percent would be lost by the Local Government Fund and 0.6 percent by the Local Government Revenue Assistance Fund. Combined these funds would lose \$18,389 to \$24,518. This leaves a potential annual GRF loss of \$364,708 to \$486,279.

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