Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL:	**Sub. H.B. 143**	DATE:	**July 30, 1997**
STATUS:	**As Reported by Senate Highways and Transportation**	SPONSOR:	**Rep. Metzger**

LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**

CONTENTS: **Creates the Board of Motor Vehicle Repair Registration in order to register certain collision repair facilities**

State Fiscal Highlights

	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential increase	Potential increase
Motor Vehicle Collision Repair Registration Fund			
Revenues	- 0 -	$240,300 - $267,000 or more increase	$240,300 - $267,000 or more increase
Expenditures	- 0 -	$263,838 increase	$239,304 increase

- The bill could result in one year start-up costs of about $35,200. First year expenses could be about $263,838, including one investigator. After the first year, total annual operating expenses, including personnel costs, could be about $239,304.

- Estimated potential yearly revenue from annual license and renewal fees collected under the provisions of the bill could be between $240,300 and $267,000. The bill specifies that fines assessed by a court go to the state Motor Vehicle Collision Repair Registration Fund which is created by the bill. Fine revenue would not go to the county in which a case was heard.

- Additional GRF costs could be incurred by the state for additional prosecution and investigation expenses for the Attorney General's office.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Counties and Municipalities			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

- The bill could result in additional minimal court costs for violations prosecuted under the bill's provisions.

Detailed Fiscal Analysis

Provisions of the Bill

The bill would require a person who manages or owns a collision repair facility to obtain a license in order to operate in the State of Ohio. A collision repair facility is defined as a business location in which five or more separate motor vehicles collision repairs are performed for the general public in a twelve-month period, commencing with the day of the month in which the first such repair was made. Establishments excluded from the definition of collision repair operator include: non-managerial employees of the collision repair facility; motor vehicle dealers that own, partially own, or operate a repair facility; junk yard and salvage yard operators; instructional institutes; licensed motor vehicle auction owners; and those who perform collision repair for a single "fleet" of cars.

The bill creates a Board of Motor Vehicle Collision Repair Registration consisting of seven members to adopt rules to carry out the purposes of the chapter and oversee the enforcement of its regulations. The Board must hire an executive director for carrying out its rules and regulations. The executive director is permitted to hire support staff and enforcement officers to assist in the duties. In addition, the bill authorizes the Department of Taxation to provide any information necessary for the Board to verify the that an applicant possesses a valid vendor's license and a current state tax identification number.

The bill states that it is the intent of the General Assembly to preempt any local regulation of collision repair operators enacted after the effective date of the bill if the legislation is intended solely to register collision repair operators. However, local governments may pass other regulations or requirements concerning the operation of a collision repair facilities that require the registration of such facilities.

The bill supersedes changes enacted in Am. Sub. S.B. 60 by requiring that a commercial tractor that does not receive an apportioned license plate under the International Registration Plan (IRP) must be issued two license plates and one validation sticker, which must be displayed on the front license plate.

The bill restates the following substantive requirements of Am. Sub. S.B. 60 without making any additional changes:

1. An individual may obtain a duplicate registration license plate or validation sticker if the registration certificate and/or license plates have been impounded following a license suspension, provided that certain fees are paid.

2. A requirement that a trailer, manufactured home, semi-trailer, manufacturer thereof, dealer, or in-transit company therein display a validation sticker only on the rear of such vehicles

Effects of the Bill

Revenue

· *Revenue Source(s):* The main source of revenue generated by the bill would be the required annual license or renewal fee to be paid by the collision repair operator. The bill sets the fee at $100. However, the Board is permitted to increase or decrease that amount by up to 50 percent. In order to cover estimated costs for the first year and following years, LBO assumes the fee would be set, initially, at the $100 amount provided for in the bill. Additional revenue could be generated from any fines assessed against violators prosecuted under the bill. Fines are set at no more than $1,000 on the first offense, and no less than $1,000 or no more than $5,000 for each subsequent offense.

Based upon information from the Automotive Service Association of Ohio, the Auto Repair Division for the State of Michigan's Secretary of State's Office, and an official from a private business that sells estimating systems to body shops throughout Ohio, LBO estimates that there are between 2,700 and 3,000 collision repair facilities in Ohio. However, based upon information from the Ohio Automobile Dealers Association and from a distributor of collision repair supplies, it is estimated that of the total facilities that provide collision repair, approximately 11% are exempted from registering under the bill. This means that between 2,403 and 2,670 facilities would be required to register. Therefore, the bill could generate between $240,300 and $267,000 for the collision repair registration fund created by the bill.

It is also important to note that revenues could fall somewhat in future years as the number of facilities providing collision repair has been decreasing and may continue to do so. This decrease in shops is due to what could be described as an "HMO type" effect. Essentially, this means that the amount insurance companies are willing to pay body shops to repair cars has been falling. As a result, many smaller shops are finding that they cannot afford to stay open. These shops are either closing or consolidating with other shops.

Costs

· *Start-Up Costs*: Estimated total costs for the first year are $35,200.

ITEM(S)	ESTIMATED COST	NOTES
Computer Equipment	$10,000	Includes approximately 2 computers and a laser printer
Copier	$6,000	
Fax	$1,200	
Furniture & Filing Equipment	$18,000	
Total	$35,200	

· *Personnel Costs:* Estimated total annual personnel expenses are $154,638 for the first year and $157,732 for the second year. DAS estimates that, on average, salaries for staff personnel could increase by about 2% a year.

POSITION	1ST YEAR COMPENSATION AND BENEFITS	2ND YEAR COMPENSATION AND BENEFITS	NOTES
Executive Director	$63,031	$64,292	Job classification used was Board Secretary 2
Secretary	$31,394	$32,022	
1 Investigator	$34,584	$35,276	Job classification used was Motor Vehicle Dealer Investigator
Board Members (7 total)	$15,629	$15,942	
Purchased services	$10,000	$10,200	Board may contract out for court reporters, hearing officers etc.
Total	$154,638	$157,732	

· *Other Operating Costs:* Estimated cost of other operating expenses are $74,000 the first year and $81,572 the second year.

ITEM	1ST YEAR	2ND YEAR	NOTES
Supplies	$4,000	$4,112	
Travel	$10,000	$10,280	
Communications	$15,000	$15,420	
Maintenance		$5,500	
Print Advertising	$8,000	$8,224	Forms, applications, newsletters etc.
General	$20,000	$20,560	Interagency service charges, publication purchases, etc.
Rent	$17,000	$17,476	Assumes occupancy in the Riffe tower. Costs could be higher or lower in a different state building or a private building.
Total	$74,000	$81,572	

The estimates for the number of personnel needed, revenue, and costs of the bill are based upon information from officials from the State of Michigan Auto Repair Division, which regulates all motor vehicle repair facilities in Michigan; an official from the State of Ohio BMV licensing division; a representative from the Automotive Service Association of Ohio; a representative of the Ohio AAA Automobile Club's Approved Auto Repair Facility department; a representative from the Ohio Automobile Dealer's Association; an owner of a Central Ohio autobody shop supply business; a representative from a private business that sells estimating systems in Ohio; and an official from the Ohio Department of Administrative Services, Central Service Agency.

(Please note: Cost estimates assume that the Board would begin operation in FY 1998.)

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