

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: Sub. H.B. 756 (LSC 122 1658-2) DATE: November 18, 1998

STATUS: In House Family Services SPONSOR: Rep. Jolivette

LOCAL IMPACT STATEMENT REQUIRED: No — No local cost

CONTENTS: Create the Save Our Sight Fund to support eye health and safety programs for children and requires the Registrar of Motor Vehicles to request voluntary contributions for the fund.

State Fiscal Highlights

STATE FUND	FY 1998	FY 1999	FUTURE YEARS
State Special Revenue Fund (Save Our Sight Fund)			
Revenues	- 0 -	Gain of \$350,000 to \$1.7 million	Gain of \$670,000 to \$3.4 million
Expenditures	- 0 -	Increase of up to \$60,000	Increase of up to \$165,000
State Special Revenue Fund 5D6 (Second Chance Trust Fund)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase of \$60,000	- 0 -
State Highway Safety Fund 4W4			
Revenues	- 0 -	Gain of up to \$10,000	Gain of up to \$10,000
Expenditures	- 0 -	Increase of up to \$10,000	Increase of up to \$10,000

- The bill creates the Save Our Sight (SOS) Fund, which would receive voluntary contributions of \$1 from individuals applying for or renewing a motor vehicle registration. The amount received by the fund would depend upon participation.
- The revenue estimates for the SOS Fund were determined using the number of total motor vehicle registrations in 1997 (11,196,310). If everyone donated each year, estimated revenues would total \$11 million. Based upon the 30 percent contribution rate for the Second Chance Trust Fund (SCTF), on which the SOS Fund is based, a more realistic revenue estimate would be \$3.4 million. The low end of the estimate was determined by taking 1/5 of the \$3.4 million, which assumes individuals would donate only once in every five years.
- The Bureau of Motor Vehicles (BMV) will initially incur costs of about \$20,000 to administer the program. In future years, this should decrease to approximately \$10,000 per year. Under the bill, DOH must reimburse BMV for its administrative costs incurred in performing its duties in relation to the SOS Fund. The DOH estimates that it will have annual costs of \$180,000 to operate the program. Of this amount, approximately \$25,000 is needed for start-up costs. These expenses will ultimately be covered by SOS Fund revenue. Initially, however, the department will need to cover the programs activities with existing sources.



- The Department of Health (DOH) will use the SOS funds to provide support to nonprofit organizations offering vision services in all counties of the state. To receive support, these organizations must submit a request to DOH demonstrating that the organization meets the requirements established in the bill.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

This bill creates the Save Our Sight (SOS) Fund for the receipt of voluntary contributions of \$1 when an individual applies for or renews a motor vehicle registration. All investment earnings from the fund shall remain with the fund. The Department of Health (DOH) shall use the money in the SOS Fund for the following purposes:

1. To provide support to nonprofit organizations that offer vision services in all 88 counties and have demonstrated experience in the delivery of vision services;
2. To develop and distribute informational materials on the importance of eye care and safety to the registrar of motor vehicles and each deputy registrar. These materials would be distributed to individuals when renewing or apply for a motor vehicle registration; and
3. To pay for costs incurred by DOH in administering the SOS Fund.

The Bureau of Motor Vehicles (BMV) shall be reimbursed by the DOH to cover administrative costs incurred in performing its duties involving the SOS Fund.

Revenue Estimates

According to information provided by the BMV, there were 11,196,310 motor vehicle registrations in 1997. The following table illustrates the number of registrations and total license revenue generated since 1993.

	1993	1994	1995	1996	1997
Total Registrations	10,362,304	10,707,845	10,871,675	11,023,868	11,196,310
Total License Revenue	\$260,093,577	\$269,270,554	\$274,279,387	\$278,367,714	\$285,241,989

The SOS Fund is structured after the Second Chance Trust Fund (SCTF) which was created by Am. Sub. S.B. 300 of the 121st General Assembly. Since July 1997, the inception date of the SCTF, and September 30, 1998, voluntary contributions to the fund totaled \$926,293. This is an average of almost \$62,000 per month. During FY 1998, assuming that no one donated more than \$1, a total of just over 730,000 individuals contributed to the fund. During a given year, the total number of drivers licenses issued averages about 2.5 million. This means that in FY 1998, the first year of the SCTF, about 30 percent of individuals made voluntary donations to the fund.

Using the 30 percent contribution rate as the basis to determine potential revenues for the SOS Fund led to a LBO estimation of \$3.4 million per year in revenue for the fund. This figure does not include income from investments and ISTV's. It is important to note, however, that due to the

newness of the SCTF, it is impossible to know if the 30 percent donation rate will increase or decrease, especially since there are about 5 million Ohioans who have not yet renewed their drivers license since the inception of the SCTF.

If one assumes that there is a fixed 30 percent of the population will donate, it is possible that the SOS Fund and the SCTF will "compete" for donations. Under this scenario, an individual will have five opportunities to contribute: once for their drivers license (with donations going to the SCTF) and four times during the period until their next license renewal (with those donations going to the SOS Fund). If the person decides that they will donate only once during this period, an estimate for the low-end of the revenue is determined by taking 1/5 of the 30 percent revenue figure. This method yields potential revenue of \$670,000.

Expenditure Estimates

The Department of Health estimates total initial operating expenses for the SOS Fund to be approximately \$180,000. Of this amount, the department estimates \$25,000 will be one-time only expenditures related to start-up costs. Other on-going expenses include just under \$70,000 for a new staff person's salary and fringe benefits. Indirect costs charged off against all departmental payroll costs will lead to another \$25,000 in expenses. These indirect costs, collected at 34.75 percent of payroll expenses, pay for DOH activities unrelated to a specific program, like the Director's Office and the Fiscal Office.

Additional DOH expenses include \$60,000 for printing the informational materials on the importance of eye care and safety that must be distributed to the Registrar of Motor Vehicles and each deputy registrar. Since these materials must be printed and distributed prior to receipt of SOS Funds, the department stated that it will most likely use revenue from the Second Chance Trust Fund to cover the initial costs of these materials. Other costs for the department include traveling to the various deputy registrars to educate them about the specifics on the program. Ultimately, all costs associated with the SOS Fund will be covered fully with revenue raised by the program.

Based upon estimates for BMV's operating costs for the SCTF, LBO estimates that the bureau will have initial costs of \$20,000 related to one-time programming costs and general administrative costs. For future years, the operating costs for BMV are expected to drop to about \$10,000 per year.

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Synopsis of Changes from Preceding Version

The substitute version of H.B. 756 (LSC 122 1658-2) is very similar to the As Introduced version. The two main changes include:

Changing the amount of the voluntary contribution from "\$1 or more" to simply "\$1."

The other main change eliminates the provision allowing the Bureau of Motor Vehicles (BMV) to retain ten cents of each donation collected as an administrative fee to fund the bureau's activities under this bill. In the current version of the bill, the Department of Health shall reimburse BMV for its administrative costs related to the activities covered in this bill.