



- Counties and townships could gain increased revenue from zoning application fees and incur increased costs to enforce zoning codes for additional businesses.
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## ***Detailed Fiscal Analysis***

### **Provisions of the Bill**

Under current Ohio law, PUCO is authorized to regulate moving companies as to any price, route, or service offering. The bill removes such authority, but requires PUCO to establish a certification system for moving companies. Under the new system, moving companies would be required to show proof of workers' compensation coverage, unemployment compensation coverage, and proof of financial responsibility in regard to liability insurance and bonding requirements. A company that fails to obtain a certificate under the certification system or to comply with an order of the PUCO is subject to a fine of up to \$1,000 per day per violation. Fine money would go to the General Revenue Fund.

The bill authorizes counties and townships to adopt zoning regulations regarding public utilities engaged in the business of transporting persons and/or property.

### **State Effects**

A PUCO official said that the Commission would incur expenditures of about \$125,000 in order to implement the certification program. These costs include two new personnel, equipment, and advertising to educate businesses and consumers about the new law.

The estimated total cost for the two employees is about \$87,500 which includes salaries of about \$33,000 a year plus benefits. The two employees will also require about \$25,500 in new equipment costs.

One employee would be a field auditor who would conduct compliance audits on the increased number of businesses that will have to be registered under the bill. PUCO currently regulates between 100 and 150 household goods moving companies. This number is estimated to at least quadruple under the bill to between 400 to 600 registered businesses or more. Equipment costs for the field auditor will be the highest as he or she will require a vehicle for travel, a lap top computer, and other office supplies.

The second employee would be a central office person that could handle public inquiries and complaints for the Motor Carrier Safety Division (MCSD). This person would answer consumer questions and perform preliminary investigations into consumer complaints. Currently, PUCO does not have a single staff person in the MCSD primarily responsible for handling complaints. PUCO expects the number of complaints to rise with the new certification system because more business will fall under PUCO's authority and because, unlike freight carriers currently regulated by the Commission, households goods movers deal largely with the general public, generating a large volume of complaints.

The third major expense will be for advertising to educate the public and regulated business about the new regulations created by the bill. This cost could be \$12,000 in the first year.

Additional revenues from the bill could come from registration fees, the sale of operating receipts to moving companies previously exempt from PUCO oversight, and additional civil forfeitures from violators of the bills regulations.

The bill authorizes PUCO to charge application fees not to exceed the costs of administering the certification program. Therefore, the fee revenue will equal the expected costs of the program which could be about \$125,000 the first year and \$118,000 per year thereafter.

Additional operating receipts revenue could be about \$5,000 per year. Currently, PUCO charges \$30 for a tractor trailer receipt and \$20 for a straight truck receipt.

Additional revenue from civil forfeitures could be about \$5,000 the first year and \$50,000 a year thereafter. A PUCO official said that forfeitures would be low in the first year as the Commission would focus on educating businesses, giving warnings to first time violators of the bill's regulations. Subsequent violations would result in civil forfeitures, increasing the revenue raised from civil forfeitures in future years. These revenues go the General Revenue Fund.

A decrease in expenditures of \$12,000 could be expected in future years. Currently, in order to operate a moving company in a countywide area, one must first go through a hearing process with PUCO and demonstrate that there is an "economic need" for an additional company. The company may submit evidence and bring witnesses to prove its case. During the hearing process, companies that already hold authority in a particular county may submit evidence and bring witnesses to demonstrate there is not an "economic need" for another company. The official indicated that obtaining authority to operate a moving company throughout a particular county is generally an expensive process that can take up to three years, if authority is granted at all.

This hearing process has been the most expensive part of regulating household goods movers under current law. A PUCO official estimated that in a typical year the Commission held 20 hearing days a year for individuals seeking to obtain authority to operate a moving company. On average, the cost of holding such cases each year was about \$12,000. This includes such costs as paying hearing officers and hiring court recorders. However, the official said that no hearings have been held in the past two to three years as prospective moving company operators have been hoping that legislation would be passed that would not require a hearing to obtain operating authority. Without such legislation, LBO anticipates that in future years the number of hearings would increase back to its past level. Therefore, the bill could reduce costs for hearings by about \$12,000 in future years.

## **Local Effects**

Counties and townships that chose to impose zoning regulations on public utilities engaged in the business of moving persons and/or property could have both increased costs and increased fee revenue. Overall, a county or township could realize a minimal gain in revenue.

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