Fiscal Note & Local Impact Statement

123 rd General Assembly of Ohio

BILL:	**H.B. 484**	DATE:	**January 11, 2000**
STATUS:	**As Introduced**	SPONSOR:	**Rep. Buehrer**

LOCAL IMPACT STATEMENT REQUIRED: **Yes**

CONTENTS: **Requires all multi-wheeled agricultural tractors operated on roads to be equiped with lights; provides tax credit for installation of lights.**

State Fiscal Highlights

STATE FUND	FY 2000	FY 2001	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	Potential loss of up to $8.4 million	Potential total loss of up to $8.4 million in FYs 2002 and 2003
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2000 is July 1, 1999 – June 30, 2000.

- If all tractors manufactured before 1993 (approximately 150,000) were to be retrofitted at a cost of $125 apiece, the total state revenue loss would be $16.8 million. It is not likely all farms will take the credit in the first year and take the full amount available for the credit; therefore the revenue loss will be lower. The actual revenue loss is contingent on the year in which the credit is taken and the amount of the credit.
- The credit could first be claimed for tax year 2000 filing in the spring of 2001, which would impact the second half of fiscal 2001. The Remaining loss of up to $8.4 million would occur over FYs 2002 and 2003.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2000	FY 2001	FUTURE YEARS
Counties, Municipalities, and Townships (LGF, LGRAF, LLGSF)			
Revenues	- 0 -	Potential loss of up to $1.6 million	Potential total loss of up to $1.6 million in FYs 2002 and 2003
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- If all tractors manufactured before 1993 (approximately 150,000) were to be retrofitted at a cost of $125 apiece, the total local revenue loss would be $3.2. It is not likely all farms will take the credit in the first year and take the full amount available for the credit; therefore the revenue loss will be lower. The actual revenue loss is contingent on the year in which the credit is taken and the amount of the credit.
- The credit could first be claimed for tax year 2000 filing in the spring of 2001, which would impact the second half of fiscal 2001. The remaining loss of up to $1.6 million would occur over FYs 2002 and 2003.

Detailed Fiscal Analysis

The bill requires additional lighting for multi-wheeled agricultural tractors, defined as having 2 or more wheels on each side and used for drawing other vehicles or machinery, that are used on streets or highways during low-visibility or night-time conditions. A white light visible from at least 1,000 feet to the front and the extreme projections of the tractor have an amber light (1,000 foot visibility) and amber reflectors (600 foot visibility) seen from the front and red lights (1,000 foot visibility) and red reflectors (600 foot visibility) visible from the rear.

The bill also requires agricultural tractors that are not multi-wheeled agricultural tractors and manufactured during or after 1998 to meet the standards set forth for lighting and illumination by the American Society of Agricultural Engineers in the year the tractor was manufactured. Agricultural tractors manufactured prior to 1998 must meet the standards set forth by the American Society of Agricultural Engineers in 1998. Standards can be found at the American Society of Agricultural Engineers website: http://asae.org/standards/.

Violation of the bill's requirements is punishable as a minor misdemeanor on a first offense. If within one year the offender violates the bill's provisions a second time, the offense is a misdemeanor of the fourth degree, and so forth with the third offense within the one year being a misdemeanor of the third degree.

The bill allows a nonrefundable tax credit against the corporate franchise tax for farms organized as corporations or the personal state income tax for farms not organized as corporations. The credit equals the sum of expenditures for lights and reflectors mandated by this bill, not to exceed $500 in the first taxable year after the bill takes affect and $250 in years two and three after the bill takes affect. Records of the expenditures must be maintained for four years following the year the credit was taken.

A John Deere service department in Columbus, OH, stated that most of the new models of farm machinery have this modification installed in the factory and that this modification has been an industry standard for the past 10 years. To retrofit the older machinery, it would cost $125 at a dealership's service department. Of course, the price to the taxpayer would be lower should the installation be done themselves. The Ohio Agricultural Statistics Service (OASS) reports that approximately 150,000 wheeled-tractors are on Ohio farms that were manufactured before 1993. If all of these tractors were to be upgraded at $125 per tractor, the estimated revenue loss is approximately $18.75 million.

Though farms can claim the credit and there are approximately 80,000 Ohio farms in 1998 (http://www.nass.usda.gov/oh/), it also is possible for non-farm enterprises (for example, a resident who owns horses) to also qualify for the credit. Therefore the, maximal revenue loss is approximately $20 million, of which $16.8 million is designated for state GRF and $3.2 million is designated for local government funds (LGF, LGRAF, and LLGSF). The actual revenue loss is contingent on the year in which the credit is taken and the amount of the credit.

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