

# Fiscal Note & Local Impact Statement

127<sup>th</sup> General Assembly of Ohio

Ohio Legislative Service Commission  
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BILL: **Am. H.B. 273** DATE: **November 17, 2008**  
STATUS: **As Passed by the House** SPONSOR: **Speaker Husted and Rep. Beatty**  
LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**  
CONTENTS: **License plates and highway naming**

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## State Fiscal Highlights

STATE FUND	FY 2009 – FUTURE YEARS
<b>State Bureau of Motor Vehicles Fund (Fund 04W4)</b>	
Revenues	Potential gain, annual magnitude dependent on license plate sales
Expenditures	Potential increase, annual magnitude dependent on license plate sales
<b>License Plate Contribution Fund (Fund 05V1)</b>	
Revenues	Potential gain, annual magnitude dependent on license plate sales
Expenditures	Potential increase, annual magnitude dependent on license plate sales
<b>Highway Operating Fund (Fund 7002)</b>	
Revenues	- 0 -
Expenditures	Potential minimal annual increase to install and maintain markers

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- **State Bureau of Motor Vehicles Fund (Fund 04W4)**. The fiscal effect of the bill's license plate provisions on the state, in particular the Department of Public Safety's Bureau of Motor Vehicles (BMV) and its Fund 04W4 will be dependent on the number of "Ohio National Guard Retired," "U.S. Paratrooper," "Civil Air Patrol," and "Support Our Troops" license plates actually issued. LSC fiscal staff is unable to estimate the demand and production costs for these license plates, or the additional revenues that may be collected. This means that the potential annual magnitude of the gain in BMV's Fund 04W4 license plate revenues and any related increase in operating expenses is uncertain.
- **License Plate Contribution Fund (Fund 05V1)**. The bill requires the Registrar to collect a contribution of \$25 when issuing "Support Our Troops" license plates, and to deposit all such contributions in the state treasury to the credit of the existing License Plate Contribution Fund (Fund 05V1) for payment to Support Our Troops, Incorporated, a national nonprofit corporation. The amount of money that would be collected and paid annually to Support Our Troops, Incorporated is uncertain.
- **Highway Operating Fund (Fund 7002)**. The Ohio Department of Transportation (ODOT) may experience minimal costs to install suitable markers along the designated portions of various state and U.S. highways listed in the bill. Future maintenance costs may result if the markers are damaged.



## *Local Fiscal Highlights*

<b>LOCAL GOVERNMENT</b>	<b>FY 2009 – FUTURE YEARS</b>
<b>Counties, Municipalities, and Townships (redistributed Public Safety revenues)</b>	
Revenues	Potential minimal annual effect
Expenditures	- 0 -
<b>Certain Municipalities (those whose boundaries include bill's designated highways)</b>	
Revenues	- 0 -
Expenditures	Potential minimal annual increase to install and maintain markers

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

- **Redistributed Public Safety revenues.** Whenever the state's BMV Fund 04W4 cash flow changes, local governments may also be affected in some manner. As BMV's expenses or revenue sources increase or decrease, moneys available for redistribution to local governments may increase or decrease. The manner in which the bill may affect that cash flow dynamic, if at all, is uncertain. That said, LSC fiscal staff has not gathered any information suggesting that the potential magnitude of the annual fiscal effect on any local government would be more than minimal, if that. In this context, "minimal" means an estimated annual revenue gain or loss of: (1) no more than \$5,000 for any affected county, city, or township with a population of 5,000 or more, and (2) no more than \$1,000 for any affected village or township with a population of less than 5,000.
- **Municipal signage costs.** If the Ohio Department of Transportation chooses not to erect the markers, municipalities may install markers on the designated portions of various state and U.S. highways listed in the bill at a minimal cost. Future maintenance costs may result if the markers are damaged.

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## *Detailed Fiscal Analysis*

### Overview

For the purposes of this fiscal analysis, the bill most notably:

- Permits an owner or lessee of certain cars or vehicles to apply to the state's Registrar of Motor Vehicles for issuance of "Ohio National Guard Retired," "U.S. Paratrooper," "Civil Air Patrol," and "Support Our Troops" license plates.
- Requires the Registrar to collect an additional fee of \$10 to compensate the Bureau of Motor Vehicles (BMV) for the additional services required in the issuing of "Support Our Troops" and "Civil Air Patrol" license plates, and to deposit all such fees in the state treasury to the credit of the existing State Bureau of Motor Vehicles Fund (Fund 04W4).
- Requires the Registrar to collect a contribution of \$25 when issuing "Support Our Troops" license plates, and to deposit all such contributions in the state treasury to the credit of the existing License Plate Contribution Fund (Fund 05V1) for payment to Support Our Troops, Incorporated, a national nonprofit corporation.
- Exempts "Ohio National Guard Retired" and "U.S. Paratrooper" license plates from both the minimum registration requirement and the termination and revival procedures.
- Permits United States veterans service organizations to register vehicles used solely for participation in organizational activities, exhibitions, and parades without the payment of any registration fee or service fee.
- Specifies that the Ohio Pet Fund (a nonprofit corporation), rather than the Pets Program Funding Board, receive the contributions from the Pets license plate.
- Designates several portions of state and U.S. highways an official name and allows the Director of Transportation to erect suitable markers.

### Certain special license plates

#### State fiscal effects

The fiscal effect of the bill's license plate provisions on the state, in particular the Department of Public Safety's Bureau of Motor Vehicles and its Fund 04W4, as well as the License Plate Contribution Fund (Fund 05V1), will be dependent on the number of "Ohio National Guard Retired," "U.S. Paratrooper," "Civil Air Patrol," and "Support Our Troops" license plates actually issued. The demand and production costs for these license plates, as well as the additional revenues that may be collected, is uncertain. This means that the potential annual magnitude of the gain in BMV's Fund 04W4 license plate revenues and any related increase in operating expenses, as well as the amount of moneys that would be collected and paid annually to Support Our Troops, Incorporated, is uncertain.

### **Local fiscal effects**

**Redistributed Public Safety revenues.** Whenever the BMV Fund 04W4 cash flow changes, local governments may also be affected in some manner. Most collected local and state motor vehicle license taxes are deposited into a holding account within the Department of Public Safety. Monthly, an assessment of Fund 04W4 occurs and cash is transferred from the holding account to Fund 04W4 in order to cover BMV's monthly operating expenses. Any remaining funds in the holding account are then forwarded to local governments (counties, municipalities, and townships) to use for transportation related needs such as roads and bridges. As BMV's expenses or revenue sources increase or decrease, moneys available for redistribution to local governments may increase or decrease.

The manner in which the bill may affect the above-described cash flow dynamic, if at all, is uncertain. That said, LSC fiscal staff has not gathered any information suggesting that the potential magnitude of the annual fiscal effect on any local government would be more than minimal, if that. In this context, "minimal" means an estimated annual revenue gain or loss of: (1) no more than \$5,000 for any affected county, city, or township with a population of 5,000 or more, and (2) no more than \$1,000 for any affected village or township with a population of less than 5,000.

### **Titling veterans service organization vehicles**

#### **State and local fiscal effects**

Under current law, any United States service organization chartered by Congress may apply to the BMV for what is termed a VOITURE license plate. The number of these special plates issued by the BMV annually is extremely small, perhaps less than a dozen. The annual fee for this special plate is \$2. This special plate is obtained through the BMV in Columbus; it cannot be issued by a deputy registrar agency. It does not appear that the BMV charges and collects any additional generally applicable state or local registration taxes and service fees.

The bill repeals the \$2 annual special plate fee and exempts any motor vehicle titled in the name of a United States veterans service organization used solely for certain purposes from the payment of generally applicable state or local registration taxes and service fees. The fiscal effect of this provision on the state will be to produce a negligible reduction in the magnitude of the BMV's annual revenue collections. There would be no fiscal effect on any political subdivisions of the state.

### **Pets license plate contributions**

#### **State and local fiscal effects**

Amended Substitute House Bill 406 of the 125th General Assembly created the Pets license plate and directed that contributions for issuance of the license plate be deposited in the License Plate Contribution Fund for distribution to the Pets Program Funding Board, which consists of seven members with specific qualifications who are appointed by the Ohio Pet Fund, a nonprofit corporation. This bill – H.B. 273 – requires that the Registrar of Motor Vehicles pay the contributions from Pets license plates to the Ohio Pet Fund, rather than to the Pets Program

Funding Board, and makes other language revisions in the Pets license plate contribution distribution provisions. From LSC fiscal staff's perspective, these changes to existing law relative to Pets license plate contributions appear to be largely technical in nature and thus would have no discernible fiscal impact on the state or its political subdivisions.

### **Highway signage**

The Ohio Department of Transportation (ODOT) may experience minimal costs to install suitable markers, such as plaques or signs, along the designated portions of SR-11, I-71, SR-2, SR-59, U.S. 30, and SR-660. Current costs to manufacture, install, and maintain a single set of memorial plaques or markers at one location is estimated to be a few hundred dollars, more or less, depending on the size of the marker(s), equipment and materials needed to install them, and the frequency of maintenance.

When a highway or bridge is designated as a memorial, the Department's policy is to first install a memorial plaque in a rest area, scenic overlook, recreational area, or other appropriate location.<sup>1</sup> If installation of a plaque is not practical, a marker is installed along the highway or near the bridge instead. At one location two plaques or two markers are usually installed, one in each direction.

If the Department chooses not to install the plaques or markers, municipalities may install such markers on the designated portions of SR-11, I-71, SR-2, SR-59, U.S. 30, and SR-660 within municipal boundaries at their expense. Costs to municipalities are likely to be minimal and estimated to be similar to those incurred for the state as described above.

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<sup>1</sup> Ohio Manual of Uniform Traffic Control Devices for Streets and Highways, 2003.