

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **S.B. 82** DATE: **May 21, 2008**
STATUS: **As Reported by House Infrastructure, Homeland Security, and Veterans Affairs** SPONSOR: **Sen. Stivers**
LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**
CONTENTS: **"Ohio National Guard Retired" license plate**

State Fiscal Highlights

STATE FUND	FY 2009 – FUTURE YEARS
State Bureau of Motor Vehicles Fund (Fund 4W4)	
Revenues	- 0 -
Expenditures	Potential increase, annual magnitude function of two uncertainties: (1) demand, and (2) per unit issuance costs

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

- **State Bureau of Motor Vehicles Fund.** The expenses incurred by the Department of Public Safety's Bureau of Motor Vehicles (BMV) for the additional services required in issuing "Ohio National Guard Retired" license plates would be paid from its primary financing mechanism – the State Bureau of Motor Vehicles Fund (Fund 4W4). The bill's annual fiscal effect on Fund 4W4 will be dependent on: (1) the number of "Ohio National Guard Retired" license plates issued, and (2) the per unit issuance cost. As LSC fiscal staff cannot estimate either of these factors at this time, the potential annual cost to Fund 4W4 is uncertain.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008 – FUTURE YEARS
Counties, Municipalities, and Townships	
Revenues	Potential, at most minimal, annual loss in state moneys distributed for transportation infrastructure
Expenditures	- 0 -

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 BMV's Fund 4W4 cash flow changes, local governments may also be affected in some manner. As BMV's expenses increase, moneys available for redistribution to local governments may decrease as well. How 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 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.



Detailed Fiscal Analysis

Overview

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

- Permits certain eligible persons to apply to the state's Registrar of Motor Vehicles to request "Ohio National Guard Retired" license plates.
- Provides that "Ohio National Guard Retired" license plates are available to eligible persons at no additional charge.
- Exempts "Ohio National Guard Retired" license plates from both the minimum registration requirement and the termination and revival procedures generally applicable to special license plates.

"Ohio National Guard Retired" license plates

Special license plate production costs

The Department of Public Safety's Bureau of Motor Vehicles (BMV) is responsible for the design, production, advertising, and issuance of specialty license plates. The BMV produces special license plates via a digital "print on demand" process. The BMV's current per unit cost for issuing special license plates is uncertain. The likely per unit cost for the "Ohio National Guard Retired" license plates to be issued pursuant to the bill are also uncertain.

Demand for special license plates

The maximum number of persons eligible to apply for an "Ohio National Guard Retired" license plate is approximately 50,000, which reflects the current number of retired veterans of the Ohio National Guard. Also of note is that there are around 14,000 active members of the Ohio National Guard.

State Bureau of Motor Vehicles Fund

Expenditures. The expenses incurred by the BMV for the additional services required in issuing "Ohio National Guard Retired" license plates would be paid from its primary financing mechanism – the State Bureau of Motor Vehicles Fund (Fund 4W4). The bill's annual fiscal effect on Fund 4W4 will be dependent on: (1) the number of "Ohio National Guard Retired" license plates issued, and (2) the per unit issuance cost. As LSC fiscal staff cannot estimate either of these factors at this time, the potential annual cost to Fund 4W4 is uncertain.

Revenues. Under current law, when issuing special license plates generally, the BMV collects an additional fee intended to compensate the Bureau for the additional services required in the issuing of the special license plate and to deposit the fee in Fund 4W4. As the bill does not permit the collection of a fee for the additional services required in the issuing of "Ohio National Guard Retired" license plates, no revenue will be generated for deposit in Fund 4W4.

Redistributed Public Safety revenues

Whenever BMV's Fund 4W4 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 Department of Public Safety holding account. Monthly, an assessment of Fund 4W4 occurs and cash is transferred from the holding account to Fund 4W4 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 annual operating expenses increase, moneys available for redistribution to local governments may decrease as well. How 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 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.

Registration and termination exemption

The bill exempts the "Ohio National Guard Retired" license plates from the requirement in current law that generally, in order for any given special license plate to be available, at least 1,000 new and renewal registrations involving that special license plate must be issued during any calendar year. Absent that exemption, the "Ohio National Guard Retired" license plate would have been terminated if the number of annual registrations fell below the 1,000-threshold requirement. Presumably, if a special license plate is terminated, BMV potentially generates a savings, as new plates would no longer be issued and any related expenses no longer incurred. There would be no revenue effect, as the bill does not permit the BMV to collect an additional charge for issuing "Ohio National Guard Retired" license plates.

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