

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ♦ Phone: (614) 466-3615
♦ Internet Web Site: <http://www.lsc.state.oh.us/>

BILL: **S.B. 215** DATE: **May 5, 2008**
STATUS: **As Introduced** SPONSOR: **Sen. Stivers**
LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**
CONTENTS: **"Global War on Terrorism" military-related special license plates**

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: (1) demand, and (2) per unit issuance costs

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.** The expenses incurred by the Department of Public Safety's Bureau of Motor Vehicles (BMV) for the additional services required in issuing any of the five "Global War on Terrorism" military-related special 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 "Global War on Terrorism" military-related special 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 annual operating expenses increase, moneys available for redistribution to local governments may decrease. However, the precise 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 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 Registrar of Motor Vehicles for one of five "Global War on Terrorism" military-related special license plates.
- Provides that these special license plates are available to eligible persons at no additional charge.
- Prohibits obtaining and bearing such a special license plate by a person ineligible to do so, a violation for which there is no penalty.
- Exempts these special license plates from both the minimum registration requirements and termination provisions generally applicable to special license plates.

"Global War on Terrorism" military-related special 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 per unit cost generally for special license plates issued by the BMV under current law is uncertain. The likely per unit cost for the "Global War on Terrorism" military-related special license plates to be issued pursuant to the bill are also uncertain.

Demand for specialty plates

LSC fiscal staff is currently researching the potential size of the population that would be eligible to obtain one of the bill's five "Global War on Terrorism" military-related special license plates, but does not, as of this writing, have the information necessary to reliably estimate the potential demand.

State Bureau of Motor Vehicles Fund

Expenditures. The expenses incurred by the BMV for the additional services required in issuing any of the five "Global War on Terrorism" military-related special 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 "Global War on Terrorism" military-related special 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 an additional fee for the additional services required in the issuing of any of the five "Global War on Terrorism" military-related special license plates, no revenue will be generated for deposit in Fund 4W4.

Redistributed Department of 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 holding account within the Department of Public Safety. 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. How the bill may affect that cash flow dynamic is uncertain. That said, LSC fiscal staff has not gathered any information suggesting that the potential magnitude of the annual fiscal effect on any given 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 "Global War on Terrorism" military-related special 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, a "Global War on Terrorism" military-related special 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 "Global War on Terrorism" military-related special license plates.

Prohibited conduct

As the bill does not establish a penalty for any violation of certain prohibited conduct, no cause of action for enforcement is created. Thus, the prohibited conduct in and of itself will have no direct fiscal effect on the state or any of its political subdivisions.

*LSC fiscal staff: Sara D. Anderson, Senior Budget Analyst
SB0215IN.doc/lb*