



# Ohio Legislative Service Commission

Sara D. Anderson

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 4 of the 129th G.A.](#)

**Date:** March 1, 2011

**Status:** As Introduced

**Sponsor:** Rep. Huffman

**Local Impact Statement Procedure Required:** No

**Contents:** Eliminates the financial responsibility random verification program

### State Fiscal Highlights

#### STATE FUND

#### FY 2012 – FUTURE YEARS

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#### Financial Responsibility Compliance Fund (Fund 8350)

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|--------------|--|
| Revenues     | Annual loss of up to \$3,000,000 or more   |
| Expenditures | Annual decrease of approximately \$550,000 |

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Note: The state fiscal year is July 1 through June 30. For example, FY 2012 is July 1, 2011 – June 30, 2012.

- The elimination of the financial responsibility random verification program will: (1) save the Bureau of Motor Vehicles approximately \$550,000 that would otherwise have been expended on related administrative costs and (2) reduce financial responsibility reinstatement fee revenues by up to \$3,000,000 or more annually.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

The bill eliminates the financial responsibility random verification program administered by the Bureau of Motor Vehicles (BMV). Failure to maintain proof of financial responsibility results in the suspension of one's driving privileges and vehicle registration and the impoundment of his or her driver's license and certificate of registration. Their restoration and return requires the person to establish proof of financial responsibility and to pay a financial responsibility reinstatement fee of \$100 for the first violation, \$300 for a second violation, and \$600 for a third or subsequent violation. The reinstatement fees are deposited in the state treasury to the credit of the Financial Responsibility Compliance Fund (Fund 8350) with moneys then appropriated from that fund to pay for the program's administrative costs.

**Expenditures.** The BMV contracts with a private company to run the random verification program. The contract costs the state approximately \$550,000 per year, which means that the elimination of the program will result in an annual decrease in expenditures of the same amount.

**Revenues.** Approximately 280,000 letters are sent in a given year and, of that amount, around 9%-10% cannot provide proof of financial responsibility. In calendar year (CY) 2009, 27,000 individuals could not provide proof of financial responsibility; in CY 2010, 24,102 individuals could not provide proof of financial responsibility. Assuming that each of those individuals was a first-time violator who subsequently provided proof of financial responsibility, then at least \$3,375,000 and \$3,012,750 in financial responsibility reinstatement fee revenues was collected in CYs 2009 and 2010, respectively. Thus, elimination of the program likely means an annual loss in financial responsibility reinstatement fee revenues of up to \$3,000,000 or more.