



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 197 of the 129th G.A. (LSC 129 0137-2) **Date:** November 23, 2011

Status: In House Judiciary & Ethics **Sponsor:** Rep. Slesnick

Local Impact Statement Procedure Required: Yes

Contents: Collection of unpaid court costs, fees, or fines

State Fiscal Highlights

STATE FUND

FY 2012 – FUTURE YEARS

Victims of Crime/Reparations Fund (Fund 4020)

Revenues	Potential gain in previously unpaid state court costs, possibly exceeding \$100,000 annually
Expenditures	- 0 -

Indigent Defense Support Fund (Fund 5DY0)

Revenues	Potential gain in previously unpaid state court costs and driver's license reinstatement fees, possibly exceeding \$100,000 annually
Expenditures	- 0 -

State Bureau of Motor Vehicles Fund (Fund 4W40)

Revenues	Potential gain in driver's license reinstatement fees, plus potential loss in, or delay in collection of, driver's license and vehicle registration fees, with net annual effect uncertain
Expenditures	Potential minimal annual increase to administer licensure forfeitures and license/registration prohibitions

State Highway Safety Fund (Fund 7036)

Revenues	Potential loss in, or delay in collection of, license and vehicle registration fees, possibly exceeding \$100,000 annually
Expenditures	- 0 -

Auto Registration Distribution Fund (Fund 7051)

Revenues	Potential loss in, or delay in collection of, permissive local motor vehicle license taxes, possibly exceeding \$100,000 annually
Expenditures	Potential decrease in money redistributed to counties, municipalities, and townships, annual magnitude dependent on changes to related revenue stream

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- **Unpaid court costs.** State court costs for misdemeanors that might otherwise have gone uncollected, may be collected, and deposited to the credit of the Victims of Crime/Reparations Fund (\$9 per offender) and the Indigent Defense Support Fund (\$20 per offender). The magnitude of this additional revenue could exceed minimal (or \$100,000) annually.

- **License reinstatement fees.** License reinstatement fees may be collected and deposited to the credit of the State Bureau of Motor Vehicles Fund (\$15 per reinstatement) and the Indigent Defense Support Fund (\$10 per reinstatement). The magnitude of this additional revenue could exceed minimal (or \$100,000) annually, but as a practical matter it is uncertain, as the number of driver's licenses that will be forfeited and subsequently reinstated is unknown.
- **Bureau of Motor Vehicle expenditures.** It appears that the Bureau of Motor Vehicles will be able to incorporate the bill's duties and responsibilities into its existing license and registration system with a minimal ongoing operating cost. Any associated costs would likely be paid for with money appropriated from the State Bureau of Motor Vehicles Fund.
- **License and registration prohibition.** There could be a loss, or delay in the collection, of driver's license and vehicle registration fees, the magnitude of which will depend upon the number of persons being subject to the bill's license and registration prohibition and whether they choose to pay their unpaid court costs, fees, or fines. Driver's license and vehicle registration fees are deposited in the State Bureau of Motor Vehicles Fund and the State Highway Safety Fund, with the portion representing local permissive motor vehicle taxes being sent to counties, municipalities, and townships via the Auto Registration Distribution Fund.

Local Fiscal Highlights

LOCAL GOVERNMENT

FY 2012 – FUTURE YEARS

Counties, Municipalities, and Townships

Revenues	Potential gain in previously unpaid court costs, fees, and fines, plus potential loss in, or delay in collection of, permissive local motor vehicle license taxes, with net annual effect in any given jurisdiction uncertain
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Expenditures	- 0 -
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Municipal, Mayor's, and County Courts

Revenues	Potential gain in previously unpaid specific purpose costs and fees, annual magnitude uncertain
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Expenditures	(1) Potential negligible savings effect from standardization of dates to remit certain moneys; (2) Potential minimal annual increase to incorporate provisions into existing license suspension system, including granting of limited driving privileges
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Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- **Court cost, fee, and fine revenues.** Counties, municipalities, and townships, including municipal, mayor's, and county courts, will in all likelihood gain revenues in the form of court costs, fees, and fines that would otherwise have gone uncollected. The additional amounts that certain local jurisdictions collect annually could easily exceed tens or hundreds of thousands of dollars annually.
- **Court expenditures.** Municipal, mayor's, and county courts may incur minimal annual costs to incorporate the bill's forfeiture/failure to pay provisions into the state's existing license suspension system. The bill also standardizes the date by which the clerks of those courts must remit certain money to the appropriate political subdivision, which may produce a savings effect by permitting clerks to expend more time and effort on other duties and responsibilities.
- **Motor vehicle registration fees.** There could be a loss, or delay in the collection, of a mix of state and local vehicle registration fees, the magnitude of which will depend upon the number of persons being subject to the bill's license and registration prohibition and whether they choose to pay their unpaid court costs, fees, or fines. The portion representing local permissive motor vehicle taxes is sent to counties, municipalities, and townships via the state's Auto Registration Distribution Fund.

Detailed Fiscal Analysis

This fiscal analysis focuses on the bill's two primary components: the collection of unpaid court costs, fees, or fines, and the date by which certain clerks must remit certain money to the appropriate political subdivision.

Collection of unpaid court costs, fees, or fines

The bill permits a municipal, mayor's, or county court to use a driver's license and vehicle registration sanction as a means to get a person to pay "unpaid" court costs, fees, and fines. The fiscal effects of this permitted sanction depend on the actions of courts (issuance of a declaration of forfeit or failure to pay) and the responses of people to the imposition of a driver's license and vehicle registration sanction.

Uncertainties and unknowns

A precise description of the bill's state and local fiscal effects is problematic because of various uncertainties and unknowns, including: (1) the number of offenders that do not pay court costs, fees, and fines in any given year and the amounts unpaid, (2) how any given court will utilize the collection actions permitted but not required by the bill, and (3) how any given person will respond to a court's actions and the possible license and registration sanctions associated with unpaid court costs, fees, and fines.

For example, how often will a court choose to utilize the declaration of forfeiture or a failure to pay notice? Further, how will that person respond to having to pay court costs, fees, or fines before reinstating their driver's license or renewing their driver's license and vehicle registration(s)? It is not possible to predict the future decisions of either of the courts or the affected persons and therefore LSC cannot make a definitive prediction as to the bill's state and local fiscal effects. However, the millions of criminal cases heard annually in municipal, mayor's, and county courts, as well as the thousands of those convicted who don't or can't pay associated court costs, fees, and fines annually statewide, means that the aggregate effect of those individual decisions will noticeably affect in some manner the revenue streams of certain counties, municipalities, and townships as is detailed below.

Estimating the fiscal impact in an uncertain and unknown environment

Following these uncertainties and unknowns to their logical outcomes leaves us with the following two cases where the bill has a potential fiscal impact on state and local governments. If the defendant does not pay court costs, fines, and fees in a timely manner and the court elects to utilize a declaration of forfeiture or failure to pay notice, the defendant may choose to either pay or not pay.

Defendant chooses to pay

If following the issuance of a declaration of forfeiture or a failure to pay notice by the court, the defendant pays all court costs and fines as well as driver's license,

reinstatement and vehicle registration fees the governmental entities receiving revenue from court costs and fines and the bill's reinstatement fee receive additional revenue they might not have otherwise collected under current law. These entities include townships, municipalities, counties, the Victims of Crime Fund (Fund 4020), the Indigent Defense Fund (Fund 5DY0), and the Bureau of Motor Vehicles Fund (Fund 4W40).

Defendant chooses to not pay

If following the issuance of a declaration of forfeiture or a failure to pay notice by the court, the defendant does not pay court costs, fees, and fines and is not permitted to pay driver's license, re-instatement, and vehicle registration fees the governmental entities receiving revenue from the collection of costs associated with driver's licenses and vehicle registrations lose revenue as compared to current law. These entities include the State Highway Safety Fund (Fund 7036), the Auto Registration Distribution Fund (Fund 7051), the Bureau of Motor Vehicles Fund (Fund 4W40), and townships, municipalities, and counties levying permissive taxes on vehicle registrations.

Revenues

Court costs, fees, and fines

As a result of the bill's license and registration prohibition, the state and local governments will likely collect money owed (court costs, fees, or fines) that would otherwise have gone uncollected. Court cost, fees, and fines are distributed to a mix of state and local funds/political subdivisions, with the magnitude and distribution dependent upon the manner in which the court of record is financed and the charging decisions of law enforcement and prosecutors. The magnitude of the potential gain in revenues for either the state or local governments is uncertain, but could be significant, as there appear to be millions of dollars in uncollected court costs, fees, and fines statewide.

State court costs. In the case of the state, additional revenue would be generated from the \$29 in state court costs imposed on a person convicted of a misdemeanor, \$20 of which is credited to the Indigent Defense Support Fund (Fund 5DY0) and \$9 is credited to the Victims of Crime/Reparations Fund (Fund 4020). It is also possible that the state could gain revenue from fines whose distribution is subject to special crediting provisions. For example, under current law, an additional \$10 in court costs is imposed for traffic violations, of which \$8.50 is apportioned between the Indigent Defense Support Fund, the Drug Law Enforcement Fund (Fund 5ET0), and the Justice Programs Services Fund (Fund 4P60).

Local court costs, fees, or fines. In the case of local governments, municipal, mayor's, and county courts will collect court costs and special project fees, municipalities and townships will collect fines for violations of local ordinances, and counties will collect fines for violations of state law.

License reinstatement fees

Under the bill, if a person is subject to a license forfeiture, that person must pay the court costs, fees, or fines due and then pay a \$25 reinstatement fee to the Bureau of Motor Vehicles. Of this amount, \$15 is credited to the State Bureau of Motor Vehicles Fund (Fund 4W40) and \$10 is credited to the Indigent Defense Support Fund (Fund 5DY0). The amount of revenue that could be generated for either of these state funds annually is uncertain, as the number of persons that would be subject to a license forfeiture is uncertain.

Driver's license renewals and vehicle registrations

Under the bill, a person who is subject to a failure to pay notice would be prohibited from being issued a driver's license or vehicle registration until that person paid the court costs, fees, and fines due. The effect of this prohibition could be to either: (1) delay the collection of driver's license and vehicle registration fees until the person has paid the owed amounts, or (2) lead to a loss in driver's license and vehicle registration fees if the person chooses not to pay the owed amounts and no license or registration is issued. The impact on driver's license and vehicle registration revenues is uncertain as we do not know how many persons will be subject to a failure to pay notice, nor subsequent to that notice, the number of persons that would choose to either pay the owed amount or forego their driver's license. The paragraphs immediately below describe the driver's license and vehicle registration fee amounts and the manner in which they are distributed.

Driver's license fees. Currently, the fee for a noncommercial driver's license totals \$25.75 and must be renewed every four years. Of this amount, \$12 is credited to the State Bureau of Motor Vehicles Fund (Fund 4W40), \$8.75 is credited to the State Highway Safety Fund (Fund 7036), and \$5 is retained by the deputy registrar for its services.

Vehicle registration fees. Under current law, the vehicle types on which the annual registration fee must be paid, subject to certain exceptions, include passenger cars, motorcycles, house and travel trailers, transit buses, noncommercial trucks, commercial trailers and semi-trailers, commercial trucks and tractors, noncommercial trailers, motor buses, and farm trucks. The base registration fee paid varies and is a function of the type of vehicle, and in some cases, the weight of the vehicle as well.

The annual registration fees for a passenger vehicle totals between \$34.50 and \$54.50; the maximum is determined by the number of applicable local permissive motor vehicle taxes. The distribution of those fees is depicted in the table on the following page.

Distribution of Typical Annual Passenger Car Registration Fees	
Fee Component	Amount
State Bureau of Motor Vehicles Fund (Fund 4W40)	\$20.00
Local Permissive Motor Vehicle Taxes	Up to \$20.00
State Highway Safety Fund (Fund 7036)	\$11.00
Deputy Registrar Service Fee	\$3.50
Total	\$54.50

As the above table depicts, the annual motor vehicle registration fee for a passenger car can be viewed as a four-component package of fees and/or taxes technically referred to as the motor vehicle license tax. Those four components and their distribution can be described as follows:

- (1) The base annual registration fee for a passenger car is \$20. It is forwarded for deposit in the state treasury to the credit of the State Bureau of Motor Vehicles Fund (Fund 4W40) and appropriated to pay the expenses of administering the law relative to the powers and duties of the Registrar of Motor Vehicles. Base annual registration fee revenues collected in excess of the cash needs of Fund 4W40 are paid into the Auto Registration Distribution Fund (Fund 7051) and subsequently redistributed to counties, municipalities, and townships.
- (2) A possible set of permissive local motor vehicle license taxes totaling up to \$20 levied that is credited to the state's Auto Registration Distribution Fund (Fund 7051) and, subject to certain exceptions, redistributed by a statutory formula to counties, municipalities, and townships for the purpose of planning, construction, and maintenance of public highways, roads, streets, or bridges. Counties have the authority to enact up to \$15 in motor vehicle license taxes in three separate increments of \$5 each. If the county has not enacted a motor vehicle license tax, then the municipality has the authority to enact up to \$20 in motor vehicle license taxes in four separate increments of \$5 each. Townships may levy an additional \$5 motor vehicle license tax, regardless of any action by the county. The total permissive tax paid by a person cannot exceed \$20 per taxing district and can be levied in a combination of the following:
 - i. Counties may levy up to \$15;
 - ii. Municipalities may levy up to \$20, depending on the amount levied by the county; and
 - iii. Townships may levy \$5.
- (3) An \$11 fee is added to every vehicle registration and subsequent to its collection is forwarded for deposit in the state treasury to the credit of the State Highway Safety Fund (Fund 7036). This fee is imposed for the

purpose of defraying the State Highway Patrol's costs associated with the administration and enforcement of motor vehicle and traffic laws.

- (4) A \$3.50 fee that the deputy registrar is permitted to charge and retain for its services.

Expenditures

Municipal, mayor's, and county courts

It is likely that municipal, mayor's, and county courts will be able to easily incorporate the bill's notification and license forfeiture provisions into their existing license system, with little if any additional cost. That said, the bill does permit the court in the case of a license suspension to use existing law to grant the driver limited driving privileges. The frequency with which a driver in this circumstance would petition the court for limited driving privileges is uncertain, but presumably the court can handle these additional petitioners by expending minimal additional time and money.

Bureau of Motor Vehicles

The bill requires the Bureau of Motor Vehicles to develop and distribute various notification forms and to administer the related license and registration prohibition. Bureau staff has indicated that the associated costs will not be significant and these duties and responsibilities can be readily incorporated into its ongoing automated license and registration system. Some costs are expected to develop the relevant forms and to train staff, however, the anticipated transitional and ongoing administrative costs will be minimal at most. The Bureau's operating costs are largely paid with money appropriated from the State Bureau of Motor Vehicles Fund (Fund 4W40).

Remittance of fees and other money by certain court clerks

The bill creates a standard deadline (the 20th day of each month) by which the clerk of a municipal, mayor's, or county court must send costs, fees, fines, bail, and other money to the appropriate political subdivision. This deadline decreases the administrative burden of having multiple deadlines in certain jurisdictions and will likely have some savings effect on the operations of certain clerks of courts.