Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 179 of the 129th G.A. **Date**: November 10, 2011

Status: As Introduced **Sponsor**: Sen. Wilson

Local Impact Statement Procedure Required: No

Contents: Creates the Ohio Geology license plate

State Fiscal Highlights

STATE FUND	FY 2012 – FUTURE YEARS
State Bureau of Motor Vehicles Fund (Fund 4W40)	
Revenues	Potential annual gain of at least $5,000 dependent on license plate sales
Expenditures	Potential annual increase of at least $3,000 dependent on license plate sales
Ohio Geology License Plate Fund (New Fund)	
Revenues	Potential annual gain of at least $7,500 dependent on license plate sales
Expenditures	Potential annual increase, commensurate with annual revenue gain

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

- The special license plate created by the bill will cost the State Bureau of Motor Vehicles at least $3,000 per year to produce the minimum of 500 pairs of plates. Costs will increase if more than 500 pairs of plates are issued each year. These costs will be offset by an increase in revenue of at least $5,000 per year for the minimum 500 pairs of plates. Revenues will also increase if more than 500 pairs of plates are issued each year.
- The license plates will also generate at least $7,500 per year from an additional contribution of $15 made by purchasers of the special license plate. These revenues will be used to fund a grant program administered by the Ohio Geology Advisory Council.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill (1) creates the Ohio Geology license plate, (2) requires the Registrar of Motor Vehicles to collect an administrative fee of $10, (3) requires the Registrar to collect a contribution of $15 to be distributed to the Ohio Geology Advisory Council, and (4) requires the Ohio Geology Advisory Council to establish and administer a grant program primarily for geology departments of colleges and universities and secondarily for elementary and secondary schools.

State fiscal effects

Bureau of Motor Vehicles

Under continuing law, the Registrar of Motor Vehicles is not required to implement any legislation that creates a new license plate until the Registrar receives written statements from at least 500 persons indicating that they intend to apply for and obtain the special license plate. In addition, after the initial issuance of a special license plate, if the total number of new and renewal motor vehicle registrations involving such a license plate totals less than 500 during any calendar year, the issuance of that license plate may cease as of December 31 of the following year. This analysis assumes, therefore, that if the bill is implemented, at least 500 Ohio Geology license plates will be issued each year.

The Bureau of Motor Vehicles (BMV) currently produces special license plates via a digital print on demand process. The total cost to produce a pair of these license plates is currently $6.37. Thus, the annual cost of the bill for the BMV is at least $3,185 (500 pairs of license plates x $6.37), with the actual cost being a function of the total number of new and renewal license plates issued annually. Under the bill, persons obtaining an Ohio Geology license plate must pay an additional administrative fee of $10 per pair of license plates.[1] Thus, if implemented, the bill generates at least $5,000 of additional revenue per year, more than offsetting the additional costs. The BMV uses the State Bureau of Motor Vehicles Fund (Fund 4W40) to receive the revenue and pay the costs of issuing license plates.

Department of Natural Resources

The bill also establishes an additional contribution of $15 to be deposited in the newly created Ohio Geology License Plate Fund. This revenue is to be used for a grant program under the direction of the Ohio Geology Advisory Council. The grants are to be awarded to geology departments of colleges and universities for graduate level research conducted at locations of geological interest in the state. Subject to the amount of money in the fund, the secondary purpose of the grants is to provide materials such as rock and mineral kits to elementary and secondary schools to assist students in the

[1] The bill mentions both a $15 fee and a $10 fee. The typical fee for a special license plate, however, is $10.

study of geology. This additional contribution will raise at least $7,500 per year ($15 contribution x 500 pairs of license plates). The Ohio Geology Advisory Council receives administrative assistance from the Division of Geological Survey in the Department of Natural Resources. The grant program may increase the administrative burden of this Division.

Local fiscal effects

Redistributed BMV revenues

The bill does not have a direct fiscal effect on local political subdivisions. However, whenever Fund 4W40's cash flow changes, local governments may be indirectly affected. Monthly, an assessment of Fund 4W40 occurs and excess cash not needed for BMV's monthly operating expenses is transferred to the state's Auto Registration Distribution Fund (Fund 7051). Cash in Fund 7051 is distributed 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 accordingly. Thus, if BMV collects more in administrative fee revenue than it costs to produce and distribute a special license plate, there may be more cash available for distribution back to certain local governments via Fund 7051.

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