# Ohio Legislative Service Commission

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# Fiscal Note & Local Impact Statement

**Bill**: H.B. 206 of the 130th G.A. **Date**: October 11, 2013

**Status**: As Introduced **Sponsor**: Rep. Retherford

**Local Impact Statement Procedure Required**: No

**Contents**: Creates the Disabled American Veteran license plate

## State Fiscal Highlights

- The special license plate created by the bill will cost the State Bureau of Motor Vehicles (BMV) about $7 per pair of plates issued. These costs will be offset by an increase in revenue of $10 per pair of plates.
- The Disabled American Veteran license plates will generate an additional $25 per pair of plates issued, which will be distributed to the Disabled American Veterans Department of Ohio.

## Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

# Detailed Fiscal Analysis

The bill creates the Disabled American Veteran license plate and requires both a $25 contribution to be deposited to the credit of the License Plate Contribution Fund (Fund 5V10) and distributed to the Disabled American Veterans Department of Ohio and a $10 administrative fee to be deposited to the credit of the State Bureau of Motor Vehicles Fund (Fund 4W40) to offset the increased cost of producing a special license plate.

## State fiscal effects

### Bureau of Motor Vehicles

The BMV currently produces special license plates via a digital print on demand process. Generally, the BMV must sell a minimum of 500 pairs of special license plates annually, or the sales of that license plate may be suspended. The total cost to produce a pair of these license plates is currently $6.37. Under the bill, persons obtaining a Disabled American Veteran license plate must pay an additional administrative fee of $10 per pair of license plates, more than offsetting the costs for those plates. The BMV uses Fund 4W40 to receive the revenue and pay the costs of issuing license plates.

### License Plate Contribution Fund

The BMV uses Fund 5V10 to collect contributions for those license plates that require them and then, from there, distributes the money to the designated recipient. The cost of a Disabled American Veteran license plate includes a $25 contribution to the Disabled American Veterans Department of Ohio. The organization is required to use the funds it receives from the sale of these special license plates for programs that serve disabled American veterans and their families.

## 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 the 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 the BMV's expenses or revenue sources increase or decrease, moneys available for redistribution to local governments may increase or decrease accordingly. Thus, if the 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.