Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. S.B. 186 of the 130th G.A. **Date**: February 12, 2014

Status: As Reported by House Transportation, Public Safety, and Homeland Security **Sponsor**: Sen. Hughes

Local Impact Statement Procedure Required: No

Contents: Creates the Knights of Columbus 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 Knights of Columbus license plates will generate an additional $10 per pair of plates issued, which will be distributed to the Ohio State Council of the Knights of Columbus.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill creates the Knights of Columbus license plate and requires both a $10 contribution to be deposited to the credit of the License Plate Contribution Fund (Fund 5V10) and distributed to the Ohio State Council of the Knights of Columbus 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 Knights of Columbus 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 Knights of Columbus license plate includes a $10 contribution to the Ohio State Council of the Knights of Columbus. The organization is required to use the funds it receives from the sale of these special license plates to pay for its charitable activities and programs.

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.