

# Ohio Motor Vehicle Collision Repair Registration Board

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## OVERVIEW

Am. Sub. HB 143 of the 122<sup>nd</sup> General Assembly, which became effective in December 1997, created the Ohio Motor Vehicle Collision Repair Registration Board (CRB). The CRB licenses all motor vehicle collision repair operators who perform five or more collision repairs in a twelve-month period. The Board's mission is to protect the public and to create a level playing field for all collision repair facilities by ensuring that all facilities are in compliance with state and federal taxation, employment, and environmental laws.

The Board is still in its infancy. The Board hired an executive director in October 1998 and an administrative assistant in January 1999. Rules have been promulgated and became effective on January 21, 1999. The Board has registered roughly 49% of Ohio's known independent collision repair facilities since operational inception.

The Board is conducting informational sessions around the state to get the word out about the Board's purpose and goals. The Board reports that it has received a positive response from some individuals in the collision repair industry, but there remains a large number of intransigent facilities that are not registered. To locate and license all eligible motor vehicle collision repair shops, the Board has created plans to target all shops in the state on a county-by-county basis.

Additionally, the Board is seeking a fee increase for both initial registrations and registration renewals and seeking to amend language of its underlying legislation to provide authority to have jurisdiction over shops, authority to prosecute shops for non-registration, and authority to levy fines and retain fines.

The Board's original registration projections were overly optimistic regarding the number of shops that would be registered and the potential revenue that would be generated through its first year of operation. Because the projected number of registrations has not matched the number of actual registrations, the Controlling Board has agreed to indefinitely defer repayment of the initial \$263,838 (request number CRB901 – July 27, 1998) that was loaned to the Board for the purpose of establishing the Board and making it operationally self-funded.

## ADDITIONAL FACTS AND FIGURES

| <b>Staffing Levels</b>         |             |             |             |             |                  |             |
|--------------------------------|-------------|-------------|-------------|-------------|------------------|-------------|
| <b>Program Series/Division</b> | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <i>Estimated</i> |             |
|                                |             |             |             |             | <b>2002</b>      | <b>2003</b> |
| Board Members                  | 7           | 7           | 7           | 7           | 7                | 7           |
| Administrative Staff           | *           | 2           | 2           | 2           | 2                | 2           |
| Investigators                  | *           | *           | 1           | 1           | 1                | 1           |
| <b>Totals</b>                  | <b>7</b>    | <b>9</b>    | <b>10</b>   | <b>10</b>   | <b>10</b>        | <b>10</b>   |

### **Staffing Levels**

The Board does not anticipate adding staff during FY02 and/or FY03 due to budgetary constraints and priorities. At such time as the Board becomes financially self-sufficient, the agency will evaluate the need for additional staff in relation to the work that needs to be completed.

### **Anticipated Improvement to Board Operation**

The board depends heavily on computerized information tracking and retrieval, application processing, and application processing. A growing reliance on computer and telecommunications technologies with which to leverage the efforts of the staff is anticipated. The Board has a goal of moving toward a web-based shop registration and inquiry system to deliver real-time information and reduce the volume of telephone inquiries that require staff time. The board also envisions incorporating an online data entry and electronic fee payment system to reduce data entry duplication and staff time. Another goal the Board would like to meet is to accept fee payments electronically. As e-commerce initiatives are adopted within state agencies, the Collision Repair Board would like to deploy these technologies in its operations.

### **Number of Repair Shops Required to Register**

The Board's research has generated a list of approximately 2,600 shops that are independent in nature and, therefore, subject to its registration requirements. The Board believes that there may be an additional 80 to 130 (3-5%) above this number, bringing the total number of shops in existence closer to 2,680 to 2,730.

### **Current Registration Fees**

Operators are required to register every facility under his or her control or ownership. The annual fee for each facility is \$100.

## ANALYSIS OF EXECUTIVE PROPOSAL

### Motor Vehicle Collision Repair Board

**Purpose** License and regulate the facilities that perform collision repairs.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

| Fund   | ALI     | Title              | FY 2002   | FY 2003   |
|--|---------|--------------------|-----------|-----------|
| 5H9  | 865-609 | Operating Expenses | \$250,025 | \$262,952 |
| <b>Total funding: Motor Vehicle Collision Repair Board</b> |         |                    |           |           |

### Ohio Motor Vehicle Collision Repair Registration Board

**Program Description:** In accordance with Section 4775 of the ORC, the Ohio Motor Vehicle Collision Repair Registration Board registers all motor vehicle collision repair shops in the state that repair more than five automobiles per year. The Board was created by Am. Sub. HB 143 of the 122<sup>nd</sup> General Assembly. The Board's administrative rules became effective on January 21, 1999.

**Funding Source:** 5H9 – Motor Vehicle Collision Repair Registration Fund. Revenue from licensing fees is used to cover the Board's expenses.

**Line Items:** 865-609 Operating Expenses

**Implication of the Executive Recommendation:** The Executive recommendation for FY2002 is an appropriation of \$250,025, which represents an increase of approximately 9% over FY 2001. For FY2003, the Executive has recommended \$262,957, which is a 5% increase over FY2002.

FY2000 was the first year in which the Board was fully operational. The Board received \$263,838 from the Controlling Board (request number CRB901 – July 27, 1998) to cover the Board's start up costs in its first year (FY 1999). This loan was to be repaid by the end of June 2000, but this date has been indefinitely postponed by Controlling Board until the Collision Repair Board becomes fiscally operational.

## PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

### Permanent Law Provisions

**Definition Expansion.** Clarify and add definitions to existing legislation for the purpose of more clearly defining those shops subject to registration. (ORC 4775.01)

If enacted, this legislation will broaden the applicability of the Board's jurisdiction in the future and enable the Board to generate increased revenues from registration fees. If not enacted, some businesses will continue to go unregistered.

**Registration Requirement.** Defines the violation of practicing an unfair and deceptive practice to be in violation of the Ohio Consumer Sales Practices Act. This violation is determined by the act of non-registration by shops that are subject to registration requirements. (ORC 4775.02)

Presently, there is no effective means of compelling registration. Enactment will better enable the Board and/or the Attorney General to prosecute violators.

#### **Fee Changes (ORC 4775.08).**

**A) Initial and renewal fees raised from \$100 to \$150 per year.**

The fee for new and renewal shop registration will increase to \$150, which amounts to a \$50 increase over the current \$100 fee. This increase would raise about \$130,000 per year.

**B) Differentiates registered and unregistered facilities and enables differentiation of registration fees.**

If the board notifies or attempts to notify a provider/shop that registration is required and that provider/shop fails to register, the provider/shop will be required to pay the annual initial fee for the current year plus the annual fee for the preceding year(s) in which the provider/shop was notified to register and failed to comply.

#### **Penalties.** Provides a means for the Board to compel registration. (ORC 4775.99)

Presently, the Board has no effective means of compelling registration. Enactment of this provision will enable the Board to levy administrative fines upon violators of statute and retain those fines. This provision clarifies the existing statute as to the retention of fines. If not enacted, the Board will expend monies prosecuting violators and at an expense greater than revenues from fees. Presently, the courts retain all "fines" levied upon violators.

## REQUESTS NOT FUNDED

The Board did not ask for supplemental funding.

## LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

| <i>Fund</i>   | <i>ALI</i> | <i>ALI Title</i>        | <i>2000</i>       | <i>Estimated<br/>2001</i> | <i>Executive<br/>2002</i> | <i>% Change<br/>2001 to 2002</i> | <i>Executive<br/>2003</i> | <i>% Change<br/>2002 to 2003</i> |
|---|------------|-------------------------|-------------------|---------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| <b><i>CRB Motor Vehicle Collision Repair Registration, Board of</i></b> |            |                         |                   |                           |                           |                                  |                           |                                  |
| 5H9   | 865-609    | Operating Expenses -CRB | \$ 172,954        | \$228,778                 | \$ 250,025                | 9.3%                             | \$ 262,952                | 5.2%                             |
| <b>General Services Fund Group Total</b>                                |            |                         | <b>\$ 172,954</b> | <b>\$ 228,778</b>         | <b>\$ 250,025</b>         | <b>9.3%</b>                      | <b>\$ 262,952</b>         | <b>5.2%</b>                      |
| <b>Total All Budget Fund Groups</b>                                     |            |                         | <b>\$ 172,954</b> | <b>\$ 228,778</b>         | <b>\$ 250,025</b>         | <b>9.3%</b>                      | <b>\$ 262,952</b>         | <b>5.2%</b>                      |

## General Services Fund Group

### 5H9 865-609 Operating Expenses -CRB

| 1998 | 1999      | 2000      | 2001<br>Estimate | 2002<br>Executive Proposal | 2003<br>Executive Proposal |
|------|-----------|-----------|------------------|----------------------------|----------------------------|
| \$0  | \$103,483 | \$172,954 | \$228,778        | \$250,025                  | \$262,952                  |
|      | N/A       | 67.1%     | 32.3%            | 9.3%                       | 5.2%                       |

**Source:** GSF: Fees paid by registrants are deposited into Fund 5H9.

**Legal Basis:** Originally established by Am. Sub. HB 143 of the 122nd General Assembly.

**Purpose:** This appropriation supports the general operating expenses, including payroll, supplies, and equipment for Ohio Motor Vehicle Collision Repair Registration Board. The Board registers motor vehicle collision repair shops in Ohio.