

Ohio Board of Motor Vehicle Collision Repair Registration

House Transportation and Justice Subcommittee

Jason Phillips, Budget Analyst

Legislative Service Commission

February 22, 2005

*Additional copies are available on our website at www.lsc.state.oh.us
Click on 'Budget Documents' then 'Redbooks'*

LSC Redbook
for the
Ohio Board of Motor Vehicle Collision Repair
Registration

House Transportation and Justice Subcommittee

Jason Phillips, Budget Analyst
Legislative Service Commission

TABLE OF CONTENTS

Overview	1
<i>Registrants</i>	<i>1</i>
<i>Revenues and Expenditures</i>	<i>1</i>
<i>Staffing Levels</i>	<i>2</i>
<i>Staffing Levels</i>	<i>3</i>
<i>Summary of FYs 2006-2007 Budget Issues.....</i>	<i>3</i>
<i>Board Consolidation.....</i>	<i>3</i>
Analysis of Executive Proposal.....	4
<i>Motor Vehicle Collision Repair Board</i>	<i>4</i>
Attachments:	
Catalog of Budget Line Items	
LSC Budget Spreadsheet By Line Item	

February 22, 2005

Motor Vehicle Collision Repair Registration, Board of

- Registered 1,888 motor vehicle collision repair facilities in FY 2004
- Executive Recommendation of \$325,047 for FY 2006

OVERVIEW

The Ohio Motor Vehicle Collision Repair Registration Board (CRB) registers all motor vehicle collision repair operators who perform five or more collision repairs in a 12-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 has registered nearly 1,900 of Ohio's known independent collision repair facilities since operational inception, and continues to make efforts to register all independent collision repair facilities, through mailings, presentations, newspaper and trade magazine articles, and onsite appearances. Yet, some facilities fail to comply with legal requirements and remain unregistered.

Registrants

Currently, the Board does not license collision repair facilities. However, the Board registers and regulates nearly 2,000 motor vehicle collision repair shops. The Board processed 1,533 renewals and 108 new applicants in FY 2003 and 1,788 renewals and 100 new applicants in FY 2004. Collision repair facilities currently pay \$150.00 per year for registration. The Board also receives late payment fees that amounted to \$8,671 in FY 2004.

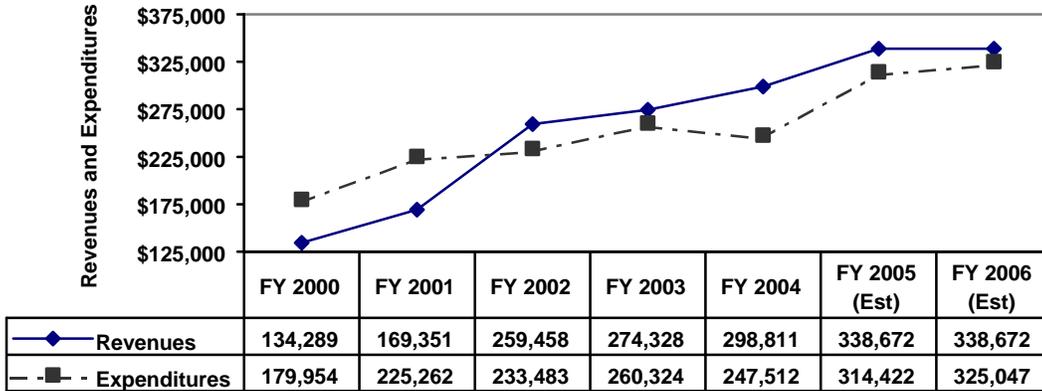
The CRB is working toward the passage of a bill similar to that of Sub. S.B. 33 of the 125th General Assembly. That bill includes a provision that requires the CRB to register all "mechanical repair" shops in addition to the "collision repair" shops it currently registers. According to the latest LSC fiscal note for this bill, such legislation would expand the number of shops regulated by 5,000 to 7,000. The fiscal note estimates that the Board's operating expenses may triple with the added responsibilities. However, if the Board continues to charge a registration fee of \$150 and registers the additional 5,000 to 7,000 shops, the Board could generate revenue between \$750,000 and \$1,050,000 per year.

Revenues and Expenditures

The CRB's revenue for the FY 2003-2004 period was \$573,140. Revenues have increased as shop owners became aware of registration requirements via contact from CRB enforcement agents, press releases, and public informational meetings. However, the Board estimates that revenue will not significantly vary from current levels until a greater enforcement effort is attained. The chart below

illustrates the Board's revenues and expenditures from FY 2000 to FY 2006 (FYs 2005-2006 figures are based on estimates).

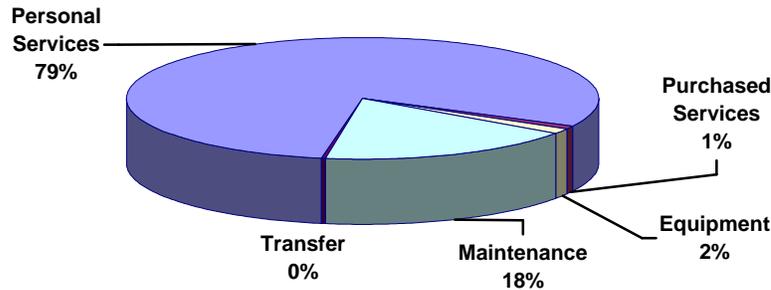
CRB Revenues and Expenditures, FYs 2000-2006 (est.)



According to data submitted to LSC in October 2004 for the *Occupational Licensing and Regulatory Boards Annual Report for Fiscal Year 2004*, the Board's expenditures for the FYs 2003-2004 period were \$507,836. Compared with revenue of \$573,140 for the period, the Board realized a net gain of \$65,304 for the two-year span.

The following pie chart illustrates the Board's expenses by object code for the FY 2006-2007 biennium. Like many other licensing and regulatory boards, the vast majority of the Collision Repair Registration Board's expenses are for personal services, namely payroll, health care, and fringe benefit costs. These payroll costs have driven expenses for the Board recently. For example, personal services spending for the Board is expected to increase 9.7% in FY 2006 from estimated FY 2005 levels.

FYs 2006-2007 Recommended Funding by Object Code



Staffing Levels

The staff of the Motor Vehicle Collision Repair Registration Board has been in transition recently. The positions of executive director and enforcement officer were vacant. However, both have now been filled. The Board estimates that to adequately accomplish its mission it may need to hire an additional investigator.

Funded CRB Positions, by Fiscal Year						
Program Series/Division	2002	2003	2004	2005	Estimated	
					2006	2007
Board Members	7	7	7	7	7	7
Administrative Staff	2	2	2	2	2	*
Investigators	1	1	1	1	1	*
Totals	10	10	10	10	10	*

* In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. According to OBM, current staff will be retained through FY 2006. However, significant staff reductions are expected as a result of the implementation of a hiring freeze and early retirement incentives. Remaining staff will be transferred to the departments of Health, Commerce, or Public Safety in FY 2007. Board and commission members will be retained.

Summary of FYs 2006-2007 Budget Issues

The Motor Vehicle Collision Repair Registration Board's priority for the upcoming biennium continues to be an increased field contact and enforcement efforts. While the Board cannot be certain of the amount of unregistered collision repair facilities, the Board estimates that there are approximately 1,200 noncompliant shops in the state of Ohio. Due to significant changes and vacancies in the Board's staff in the previous few years, the Board has been trying to catch up on registering shops and decreasing the agency's backlog. The Board states that an additional investigator would increase enforcement activities and increase revenues attained through the fees and fines of previously unregistered or delinquent shops.

The Executive recommends \$325,047 for FY 2006, representing an increase of approximately 3.4% over estimated FY 2005 spending levels of \$314,422. The Executive recommends no appropriation in FY 2007 as the Collision Repair Registration Board is slated for consolidation within the Department of Commerce.

Board Consolidation

The executive budget recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the Executive recommends no funding in FY 2007 for the boards and commissions. The specifics of the consolidation plan will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, as well as the Department of Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM's *Blue Book*, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentives will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members for each agency will be retained and continue to serve in the manner in which they were appointed.

ANALYSIS OF EXECUTIVE PROPOSAL

Motor Vehicle Collision Repair Board

Purpose: License and regulate facilities that perform collision repairs

The following table shows the line items that are used to fund the Motor Vehicle Collision Repair Registration Board as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
5H9	865-609	Operating Expenses	\$325,047	\$0
Total Funding: Motor Vehicle Collision Repair Registration Board			\$325,047	\$0

Program Description: In accordance with Chapter 4775. of the Revised Code, the Ohio Motor Vehicle Collision Repair Registration Board registers all motor vehicle collision repair shops in Ohio that repair more than five motor vehicles per year. The Board was created by Am. Sub. H.B. 143 of the 122nd General Assembly.

Funding Source: 5H9 – Motor Vehicle Collision Repair Registration Fund; revenue from \$150 licensing fee and late payment penalties are used to cover the Board's expenses

Line Items: 865-609, Operating Expenses

Implication of Executive Recommendation: The Executive's recommendation allows the Motor Vehicle Collision Repair Registration Board to maintain current service levels for FY 2006. The recommendation includes an additional \$10,625 to help cover costs associated with implementing the CAVU licensing system, which is currently being phased in by CRB and other participating boards, and to help offset increased payroll costs.

Temporary Law

Board Consolidation Section 315.03. The Executive's recommendation includes a provision that consolidates the Motor Vehicle Collision Repair Registration Board into the Department of Commerce beginning on July 1, 2007. The provision also includes the creation of a transition team to plan and effectuate the proposed merger of CRB within the Department of Commerce. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

General Services Fund Group

5H9 865-609 Operating Expenses- CRB

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$233,483	\$260,324	\$247,512	\$314,422	\$325,047	\$0
	11.5%	-4.9%	27.0%	3.4%	-100.0%

Source: GSF: Fees paid by registrants

Legal Basis: Section 73 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 143 of the 122nd G.A.)

Purpose: Moneys credited to this line item pay for payroll, supplies, and equipment costs of the Ohio Motor Vehicle Collision Repair Registration Board.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
CRB Motor Vehicle Collision Repair Registration, Board of								
5H9	865-609	Operating Expenses- CRB	\$ 247,512	\$314,422	\$ 325,047	3.4%	\$ 0	-100.0%
General Services Fund Group Total			\$ 247,512	\$ 314,422	\$ 325,047	3.4%	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 247,512	\$ 314,422	\$ 325,047	3.4%	\$ 0	-100.0%