

# Ohio Board of Motor Vehicle Collision Repair Registration

**Senate Finance and Financial Institutions Committee**

*Jason Phillips, Budget Analyst*

*Legislative Service Commission*

*April 19, 2005*

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

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*April 19, 2005*

# Board of Motor Vehicle Collision Repair Registration

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- Registered 1,888 motor vehicle collision repair facilities in FY 2004
- Executive Recommendation of \$325,047 for FY 2006
- Planned consolidation in the Dept. of Commerce in FY 2007

## 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.

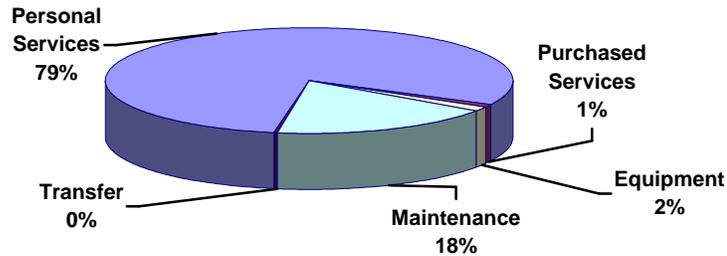
### **Executive Recommendation for FYs 2006-2007**

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.

The Executive's recommendation for the Commission's total budget for FY 2006 is \$325,047, a 3.4% increase over estimated FY 2005 spending of \$314,422. The Executive recommends no appropriation in FY 2007 as the Motor Vehicle Collision Repair Registration Board is slated for consolidation within the Department of Commerce.

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. The Governor's proposal includes an increase of 9.7% in personal services spending in FY 2006 from estimated FY 2005 levels.

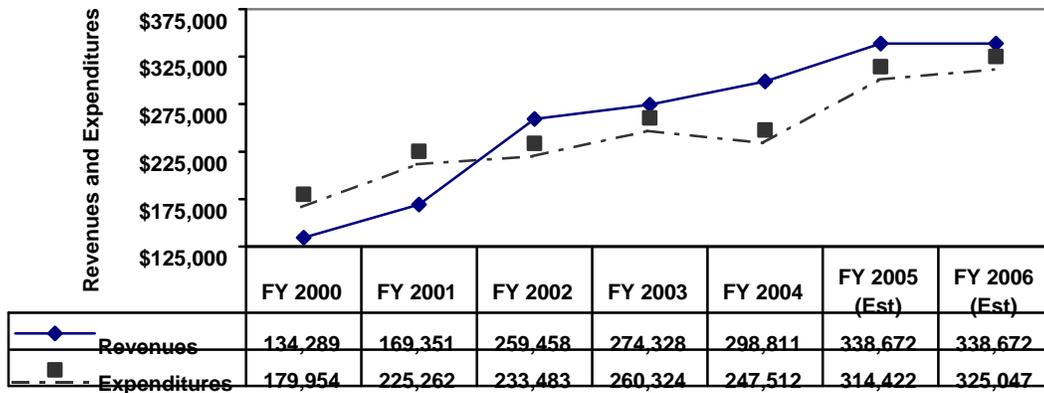
FYs 2006-2007 Recommended Funding by Object Code



**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.

**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 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.

**Unregistered Repair Shops**

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.

**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.

<b>Motor Vehicle Collision Repair Board Staffing Levels</b>						
<b>Program Series/Division</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Estimated</b>	
					<b>2006</b>	<b>2007</b>
Board Members	7	7	7	7	7	7
Administrative Staff	2	2	2	2	2	*
Investigators	1	1	1	1	1	*
<b>Totals</b>	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.

## 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
<b>General Services Fund</b>				
5H9	865-609	Operating Expenses	\$325,047	\$0
<b>Total Funding: Motor Vehicle Collision Repair Registration Board</b>			<b>\$325,047</b>	<b>\$0</b>

**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.

**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 in FY 2006. The provision also includes the creation of a transition team to plan and effectuate the proposed merger of the 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 House Passed	2007 House Passed
\$233,483	\$260,324	\$247,512	\$314,422	<b>\$325,047</b>	<b>\$0</b>
	11.5%	-4.9%	27.0%	<b>3.4%</b>	<b>-100.0%</b>

**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>Estimated 2005</i>	<i>As Introduced 2006</i>	<i>House Passed 2006</i>	<i>% Change Est. 2005 to House 2006</i>	<i>As Introduced 2007</i>	<i>House Passed 2007</i>	<i>% Change House 2006 to House 2007</i>
<b>CRB Motor Vehicle Collision Repair Registration, Board of</b>									
5H9	865-609	Operating Expenses- CRB	\$314,422	\$ 325,047	\$ 325,047	3.4%	\$ 0	\$ 0	-100.0%
<b>General Services Fund Group Total</b>			<b>\$ 314,422</b>	<b>\$ 325,047</b>	<b>\$ 325,047</b>	<b>3.4%</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>-100.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 314,422</b>	<b>\$ 325,047</b>	<b>\$ 325,047</b>	<b>3.4%</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>-100.0%</b>

## As Introduced (Executive)

## As Passed by the House

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**(CD-914-CRB) Motor Vehicle Collision Repair Registration Board Collaboration with Local Fire and Building Departments**

No provision.

**R.C. 4775.04**

Requires the Motor Vehicle Collision Repair Registration Board to work with local fire and building departments to locate places of business being operated by persons who do not possess a registration certificate as a motor vehicle collision repair operator. (See the item entitled "Motor Vehicle Collision Repair Registration Board Collaboration with Local Fire and Building Departments" in the Local Government Provisions section of this document).

Fiscal effect: Potential increase in revenue to the Motor Vehicle Collision Repair Registration Fund (Fund 5H9), as the enhanced enforcement efforts may lead to an increase in registrants.

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**As Introduced (Executive)****As Passed by the House****(CD-423-CRB) Consolidation of Regulatory Boards****Section: 315.03**

Consolidates the occupational licensing boards into the departments of Health, Public Safety, or Commerce not later than July 1, 2006. In the case of the Motor Vehicle Collision Repair Registration Board, the Board will be consolidated into the Department of Commerce. The directors of Budget and Management, Administrative Services, Commerce, Health, and Public Safety shall appoint representatives to a transition team. The team shall develop a plan for the smooth and timely consolidation of the boards and shall also address the details of the consolidation. The team shall submit a report containing recommendations and the details of the consolidation not later than December 31, 2005 to the Governor, Speaker of the House, and President of the Senate. A bill will be introduced in fiscal year (FY) 2006 that will include the necessary statutory changes and appropriations for consolidation. (See the item entitled "Consolidation of Regulatory Boards" in the Department of Commerce).

Fiscal effect: The Board will receive no appropriation in FY 2007. The total fiscal effect is unknown at this time since the specifics of the transfer will not be addressed until FY 2006.

**Section: 315.03**

Same as the Executive.