

# **Ohio Board of Motor Vehicle Collision Repair Registration**

**Senate Finance and Financial Institutions Committee**

*Jason Phillips, Budget Analyst  
Legislative Service Commission*

*May 2, 2007*

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

**Senate Finance and Financial Institutions Committee**

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- Catalog of Budget Line Items
- LSC Budget Spreadsheet By Line Item: Executive to House Passed
- Comparison Document: Permanent and Temporary Law

*May 2, 2007*

# Board of Motor Vehicle Collision Repair Registration

- Registered 1,401 motor vehicle collision repair facilities in FY 2006; expected to register 1,469 facilities in FY 2007
- Executive recommendation of \$334,995 in each fiscal year

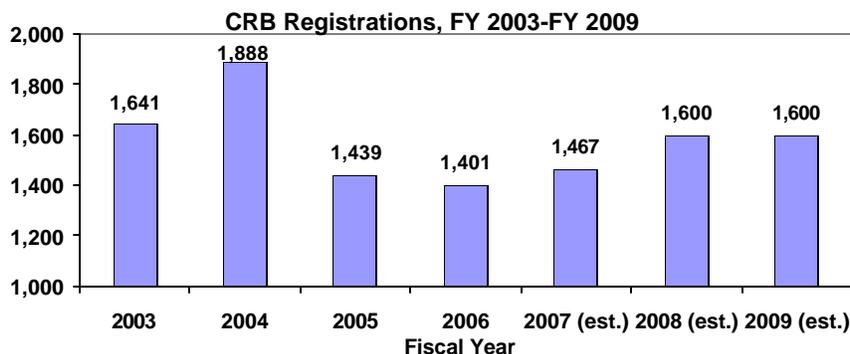
## OVERVIEW

The Ohio Board of Motor Vehicle Collision Repair Registration (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 registers over 1,400 of Ohio's known independent collision repair facilities 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.

## Summary of the Current Biennium

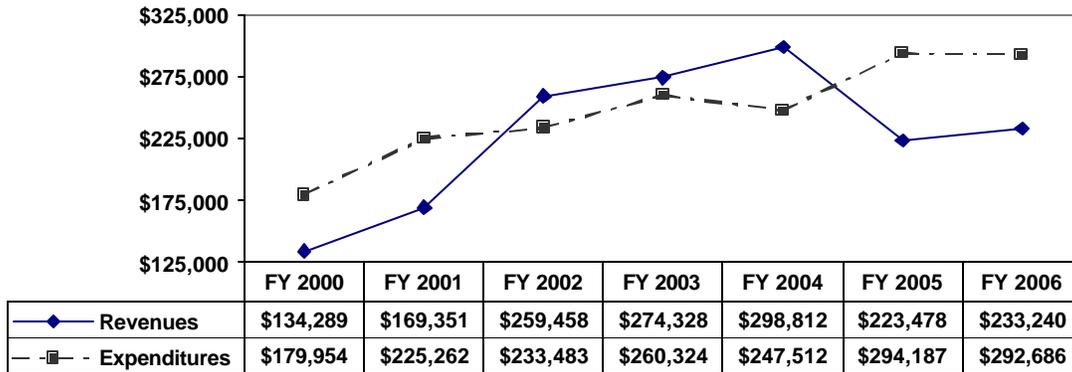
### Fewer Registrations – Decline in Revenue

In recent years, the Board experienced turnover in two of its three staff positions. Also, the Board voted to register only collision repair shops that met all requirements, which left out any shops that had previously registered with a temporary registration and who did not become fully compliant. Temporary registrations, which could only be renewed a maximum of four times, allowed collision repair operators to be registered if they were in substantial equivalence with Board requirements and making a good faith effort to achieve full compliance. The Board noted that there were between 150 and 180 shops with temporary registrations. Approximately 25 of those shops have become complaint while around 30 have legal actions pending against them. The rest of the shops went out of business. As a result of the staffing changes and the decision to stop issuing temporary registrations, the number of registrations declined significantly between FY 2004 and FY 2005. The chart below illustrates the number of registrations by the Board since FY 2003 and the registration estimates for the upcoming biennium.



As a result of the lower number of registrations, Board revenues dropped significantly in FY 2005 while expenditures increased resulting in a deficit of almost \$71,000 for that fiscal year. In FY 2006, revenues increased by 4.4% and expenditures declined slightly, but the Board still experienced a deficit of nearly \$60,000. The chart below illustrates the Board's revenue and expenditures from FY 2000 to FY 2006.

CRB Revenues and Expenditures, FYs 2000-2006



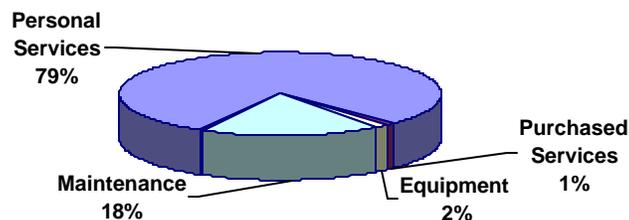
### Fee Increase

To alleviate the operating deficits, the Board received Controlling Board approval in October 2006 for an increase in its initial and renewal registration fees from \$150 to \$225. The Board's registration fees had not increased, since 2001. Based on the current number of registrations (1,469), the fee increase will generate approximately \$110,000 in additional revenue per year and will allow the Board to continue its operations.

### Executive Recommendation for FYs 2008-2009

The executive recommended funding for the Board is \$334,995 for both FY 2008 and FY 2009, representing flat funding for the biennium and no increase from FY 2007 appropriations. The following pie chart illustrates the Board's expenses by object code for the FY 2008-2009 biennium. Like many other licensing and regulatory boards, the vast majority of the Board's expenses are for personal services, namely payroll, health care, and fringe benefit costs. The Governor's proposal includes a 4.1% increase in personal services spending in FY 2008 over FY 2007 appropriations for this purpose.

FYs 2008-2009 Recommended Funding by Object Code



## Summary of FYs 2008-2009 Budget Issues

### Increased Enforcement Efforts

The Board estimates it has registered approximately 65% of Ohio's known independent collision repair shops. In order to increase compliance, the Board's top priorities are to register the remaining facilities that have avoided registration, collect registration fees for prior years, prosecute unregistered facilities, and increase the number of complaint investigations. The agency reported that, in the past, it has largely refrained from resorting to the legal remedies available to compel registration in an effort to maintain a friendly relationship with the industry. Instead, the Board attempted to encourage registration by educating collision repair shop owners about the resources (such as product information, recalls, legislation affecting the industry, guidance with obtaining liability insurance, consumer protections, and access to laws and regulations within the industry) made available by the Board for shop owners.

However, because of continuing noncompliance, the agency has coordinated with the Attorney General's Office to bring formal legal actions against approximately 270 facilities that have exhibited a high degree of intransigence. In FY 2006, the Board conducted 1,468 shop visits, started 298 prosecution proceedings, issued 408 violation notices, and received 159 complaints. As a result of these activities and a full complement of staff, the Board estimates the number of registrations to increase to 1,600 by FY 2009.

### Move to Occupational Licensing and Regulatory Fund (Fund 4K9)

The executive recommends a transfer by the Board from its current fund, the Motor Vehicle Collision Repair Registration Fund (Fund 5H9), to the Occupational Licensing and Regulatory Fund (Fund 4K9), which is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. Fund 4K9 provides a continual base of funding for boards whose revenue flow can vary due to license renewal cycles. The Board stated in its October 2006 fee increase request to the Controlling Board that joining this fund will allow the Board to have greater fiscal stability as it works to increase registrants and carry out enforcement actions without additional fee increases.

### Increased Administrative Efficiency

The Board has made or is in the process of several efforts to increase administrative efficiency and reduce operating costs. The agency intends to begin using the online renewal component of the e-Licensing system, which is the online data entry and electronic fee payment system many other occupational licensing and regulatory boards utilize, for registrants during FY 2008. Online renewals would significantly reduce data entry duplication as well as reduce the paperwork associated with fee deposits. The agency also moved to a web-based shop registration inquiry system, which reduced the volume of telephone inquiries handled by Board staff.

## 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 new staff members were hired at lower pay steps, which has reduced payroll by \$18,512 per year. The Board does not anticipate adding staff in either FY 2008 or FY 2009.

Motor Vehicle Collision Repair Board Staffing Levels						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
Board Members	7	7	7	7	7	7
Administrative Staff	2	2	2	2	2	2
Investigators	1	1	1	1	1	1
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

## ANALYSIS OF EXECUTIVE PROPOSAL

### Single Program Series

### Operating Expenses

**Purpose:** License and regulate facilities that perform collision repairs

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

Fund	ALI	Title	FY 2008	FY 2009
<b>General Services Fund Group</b>				
4K9	865-601	Operating Expenses	\$334,995	\$334,995
<b>General Services Fund Group Subtotal</b>			<b>\$334,995</b>	<b>\$334,995</b>
<b>Total Funding: Motor Vehicle Collision Repair Registration Board</b>			<b>\$334,995</b>	<b>\$334,995</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:** GSF Fund 4K9; revenue from \$225 licensing fee and late payment penalties are used to cover the Board's expenses

**Line Items:** 865-601, Operating Expenses

**Implication of Executive Recommendation:** The executive's recommendation fully funds the Board of Motor Vehicle Collision Repair Registration's request and allows it to maintain current service levels for the upcoming biennium.

### Permanent and Temporary Law Provisions

**Motor Vehicle Collision Repair Registration Fund Elimination (R.C. 4743.05, 4775.08).** A permanent law provision in the bill eliminates the Motor Vehicle Collision Repair Registration Fund (Fund 5H9) and authorizes fees and fines collected by the Board of Motor Vehicle Collision Repair Registration to be deposited into the Occupational Licensing and Regulatory Fund (Fund 4K9). The Board estimates this change will result in greater fiscal stability of its operations.

**Cash Transfer to Occupational Licensing and Regulatory Fund (Section 341.10).** A temporary law provision in the bill allows the Director of Budget and Management to transfer the cash balance in the Motor Vehicle Collision Repair Registration Fund (Fund 5H9) to the Occupational Licensing and Regulatory Fund (Fund 4K9). The Director of Budget and Management may cancel any existing encumbrances against the Board's appropriation against Fund 5H9 and re-establish them against its appropriation item in Fund 4K9.

## **REQUESTS NOT FUNDED**

The Governor's proposal fully funds the Board's budget request at \$334,995 in each fiscal year.

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## General Services Fund Group

### 4K9 865-601 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$0	\$0	\$0	\$0	\$334,995	\$334,995
				N/A	0.0%

**Source:** GSF: Registration fees and other assessments collected by the state's professional and occupational licensing boards. Previously, the Board was funded through the Motor Vehicle Collision Repair Registration Fund (Fund 5H9).

**Legal Basis:** ORC 4775.08; Section 341.10 of H.B. 119 of the 127th G.A.

**Purpose:** Moneys credited to this line item pay for payroll, supplies, and equipment costs of the Ohio Board of Motor Vehicle Collision Repair Registration. H.B. 119 of the 127th G.A. transfers all the cash from the Motor Vehicle Collision Repair Registration Fund (Fund 5H9) to the Occupational Licensing and Regulatory Fund (Fund 4K9).

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

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$247,512	\$294,187	\$292,686	\$334,995	\$0	\$0
	18.9%	-0.5%	14.5%		

**Source:** GSF: Fees paid by registrants

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 143 of the 122nd G.A.)

**Purpose:** Moneys credited to this line item paid for payroll, supplies, and equipment costs of the Ohio Board of Motor Vehicle Collision Repair Registration. H.B. 119 of the 127th G.A. transfers all the cash from the Motor Vehicle Collision Repair Registration Fund (Fund 5H9) to the Occupational Licensing and Regulatory Fund (Fund 4K9).

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
<b><i>CRB Motor Vehicle Collision Repair Registration, Board of</i></b>									
4K9	865-601	Operating Expenses		\$ 334,995	\$ 334,995	N/A	\$ 334,995	\$ 334,995	0.0%
5H9	865-609	Operating Expenses- CRB	\$334,995	\$ 0	\$ 0	-100.0%	\$ 0	\$ 0	N/A
<b>General Services Fund Group Total</b>			<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>0.0%</b>	<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>0.0%</b>	<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>0.0%</b>

## As Introduced (Executive)

## As Passed by the House

**(CD-550-CRB) Motor Vehicle Collision Repair Registration Fund Elimination**

R.C. 4743.05, 4775.08

Eliminates the Motor Vehicle Collision Repair Registration Fund (Fund 5H9), into which the Motor Vehicle Collision Repair Registration Board currently deposits fees and fines. Authorizes fees and fines collected by the Board to be deposited into the Occupational Licensing and Regulatory Fund (Fund 4K9).

R.C. 4743.05, 4775.08

Same as the Executive.

**(CD-553-CRB) Cash Transfer to Occupational Licensing and Regulatory Fund (Fund 4K9)****Section: 341.10**

Authorizes the Director of Budget and Management to transfer the cash balance in the Motor Vehicle Collision Repair Registration Fund (Fund 5H9) to the Occupational Licensing and Regulatory Fund (Fund 4K9) on July 1, 2007 or as soon as possible thereafter. Authorizes the Director to cancel any existing encumbrances against the Board's current appropriation item in Fund 5H9 and re-establish them against the Board's new appropriation item in Fund 4K9. Appropriates the re-established encumbrances and abolishes Fund 5H9.

**Fiscal effect: Provides greater fiscal stability for the Board as part of the Occupational Licensing and Regulatory Fund (Fund 4K9) instead of the smaller Motor Vehicle Collision Repair Registration Fund (Fund 5H9), whose revenues and expenditures are less stable.**

**Section: 341.10**

Same as the Executive.

**Fiscal effect: Same as the Executive.**