



Ohio Legislative Service Commission

Sara D. Anderson

Fiscal Note & Local Impact Statement

Bill: H.B. 528 of the 128th G.A.

Date: June 1, 2010

Status: As Introduced

Sponsor: Reps. Pryor and Phillips

Local Impact Statement Procedure Required: No — No local cost

Contents: Vehicle registration late fee exemptions

State Fiscal Highlights

STATE FUND

FY 2011 – FUTURE YEARS

State Highway Safety Fund (Fund 7036)

Revenues	Potential loss of up to \$95,000, or more, for farm trucks and farm buses whose late fee is waived; potential loss of up to \$1,160,000, or more, for mandatory waiver of late fee for seasonal vehicles
----------	--

Expenditures	- 0 -
--------------	-------

Note: The state fiscal year is July 1 through June 30. For example, FY 2011 is July 1, 2010 – June 30, 2011.

- **Late fee exemption for farm trucks and farm buses.** The bill exempts farm trucks and farm buses from the \$20 vehicle registration late fee. As a result of this exemption, LSC fiscal staff estimates that the State Highway Safety Fund (Fund 7036) could lose up to \$95,000, or more, from revenue that would have otherwise been collected from the late fee.
- **Mandatory waiver of late fee for seasonal vehicles.** The bill establishes a mandatory waiver of the \$20 vehicle registration late fee for motor vehicles that are used on a seasonal basis. The revenue lost to the State Highway Safety Fund would be up to \$1,160,000, or more, depending on the number of vehicles that qualify for the mandatory waiver of the late fee for seasonal vehicles.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

From a fiscal perspective, the bill does the following:

- Exempts farm trucks and farm buses from the vehicle registration late fee; and
- Establishes a mandatory waiver of the registration late fee for vehicles used on a seasonal basis.

Farm trucks and farm buses

The bill exempts farm trucks and farm buses from the \$20 vehicle registration late fee. As a result of this exemption, LSC fiscal staff estimates that the State Highway Safety Fund (Fund 7036) could lose up to \$95,000, or more, from revenue that would have otherwise been collected from the late fee.

This estimate is based on calculations using the following information:

- The existing \$20 vehicle registration late fee is apportioned between the state (\$19.50) and deputy registrars (\$0.50), and only applies if the owner renews a vehicle's registration eight or more days after its expiration date.
- According to Department of Public Safety staff, a total of 30,390 "farm trucks" were registered in calendar year (CY) 2009. However, the number of those farm trucks that were registered one or more days late was not readily extractable from the data maintained by the Bureau of Motor Vehicles (BMV).
- LSC fiscal staff's review of BMV data for the period of October 2008-December 2009 indicated that, of the total number of vehicle transactions (9,429,890), 16% involved registrations that were renewed eight or more days after their expiration date.
- Assuming the number of farm trucks registered annually in the future more or less mirrors CY 2009 (30,390) and the percentage of those farm trucks registered late more or less mirrors the preceding dot point (16%), then the number of farm trucks subject to the late fee would total 4,862 (30,390 x 16%) and generate revenues totaling \$97,248 (4,862 x \$20), \$94,248 of which would have been deposited to the credit of the State Highway Safety Fund (Fund 7036).
- If farm vehicles are exempted from the late fee, then the \$97,248 estimated in the preceding dot point, for registrations eight or more days late, would not be collected.

Seasonal vehicles

The bill establishes a mandatory waiver of the \$20 vehicle registration late fee for motor vehicles that are used on a seasonal basis. The bill is silent on what qualifies as a seasonal vehicle, but the Bureau of Motor Vehicles has an internal list of seasonal vehicles that qualify for a waiver of the late fee due to prorated use. This list includes: (1) motorcycles, (2) mopeds, (3) golf carts, (4) all-purpose vehicles (e.g., snowmobiles and all-terrain vehicles), and (5) noncommercial trailers that are used seasonally (e.g., boat trailers and jet ski trailers). Not included on the Bureau's list are campers, motor homes, and recreational vehicles.

The application of the current waiver could mitigate the revenue effect explained in the paragraph immediately following, but the magnitude of that mitigation is uncertain. This current waiver is available to anyone who applies for it and whose birthday does not fall during the season when the vehicle would be used. It is LSC fiscal staff's assumption that most people would not be aware of this process and would, therefore, still be subject to the late fee. Under the bill, the waiver is mandatory and would apply to anyone with a qualifying seasonal vehicle and, therefore, would produce the maximum amount of revenue loss as calculated, in part, below.

Based on data provided by the Bureau, as of July 1, 2009, there were 372,008 motorcycles registered in Ohio as of that same date. Using the same assumptions and calculations as in the previous section, the revenue lost to the State Highway Safety Fund would be \$1,160,659.50 (16% of 372,008 = 59,521 and 59,521 x \$19.50 (the amount of the late fee kept for the Highway Patrol) = \$1,160,659.50). Once the other seasonal vehicles currently recognized by the Bureau are included, it is likely that the revenue lost would increase further.