



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 180 of the 129th G.A.

Date: May 18, 2011

Status: As Introduced

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: "Massillon Tiger Football Booster Club" license plate

State Fiscal Highlights

STATE FUND

FY 2012 – FUTURE YEARS

State Bureau of Motor Vehicles Fund (Fund 4W40)

Revenues Potential annual gain of up to \$5,000 or more, magnitude dependent on license plate sales

Expenditures Potential annual increase of up to \$3,000 or more, magnitude dependent on license plate sales

License Plate Contribution Fund (Fund 5V10)

Revenues Potential annual gain of up to \$12,500 or more, magnitude dependent on license plate sales

Expenditures Potential annual increase, commensurate with annual revenue gain

Note: The state fiscal year is July 1 through June 30. For example, FY 2012 is July 1, 2011 – June 30, 2012.

- **State Bureau of Motor Vehicles Fund (Fund 4W40).** The required \$10 administrative fee may generate up to \$5,000 or more annually in additional administrative fee revenues to be credited to the State Bureau of Motor Vehicles Fund (Fund 4W40). The cost to produce and distribute "Massillon Tiger Football Booster Club" license plates will be up to \$3,000 or more annually.
- **License Plate Contribution Fund (Fund 5V10).** Up to \$12,500 or more in required \$25 "contributions" deposited to the credit of Fund 5V10 could be distributed annually to the Massillon Tiger Football Booster Club.

Local Fiscal Highlights

- The bill will have no direct fiscal effect on any of the state's political subdivisions. It may, however, have a negligible indirect effect from the potential to generate a relatively small increase in the amount of money distributed annually statewide from the state's Auto Registration Distribution Fund (Fund 7051) to counties and districts of registration for transportation-related needs such as roads and bridges.

Detailed Fiscal Analysis

The bill: (1) creates the "Massillon Tiger Football Booster Club" license plate, (2) requires the Registrar of Motor Vehicles to collect an administrative fee of \$10, and (3) requires the Registrar to collect a contribution of \$25 to be distributed to the Massillon Tiger Football Booster Club.

State fiscal effects

License plate production costs and process

Under current law, the Registrar is not required to implement any legislation that creates a new license plate until the Registrar receives written statements from at least 500 persons indicating that they intend to apply for and obtain the special license plate. If, during any calendar year, the total number of new and renewal motor vehicle registrations involving such a license plate totals less than 500, the issuance of that license plate may cease as of December 31 of the following year.

The Bureau of Motor Vehicles (BMV) currently produces special license plates via a digital "print on demand" process. The total cost to produce a pair of these digital "print on demand" license plates is currently \$6.37. Thus, using the above-noted minimum registration threshold of 500, the annual cost for BMV to produce and distribute these special license plates will be up to \$3,185 or more (500 pairs of license plates sold x \$6.37), with the actual cost being a function of the total number of new and renewal "Massillon Tiger Football Booster Club" license plates. Those costs would be paid for with money appropriated from the State Bureau of Motor Vehicles Fund (Fund 4W40).

Under the "print on demand" process, BMV has no minimum number threshold for a daily special license plate order, and as a result, the Bureau can theoretically produce any number of special license plates per day, even if there is only a single order placed on a given day.

The BMV is responsible for the design, production, advertising, and issuance of special license plates. The design process functions as a collaborative effort between BMV and the organization associated with the special license plate. Only after the Registrar and the organization have approved the license plate's design can it advance to the advertising and production stage. The availability of special license plates is advertised through various means, including BMV's online catalog, a catalog available at all deputy registrar locations, and periodic inclusion as an insert in registration renewal notifications.

Plate registration revenues

One can estimate the amount of administrative fee revenue that could be generated from the issuance of "Massillon Tiger Football Booster Club" license plates based on the minimum annual sales threshold that would apply for the purposes of

issuing these new special license plates, the applicable threshold of which in this case is 500. Annual sales of 500 such license plates will generate \$5,000 per year for deposit in the state treasury to the credit of Fund 4W40 (\$10 administrative fee x 500 pairs of license plates sold).

The bill also establishes an additional contribution of \$25 to be deposited in the existing License Plate Contribution Fund (Fund 5V10), all of which will then be distributed to the Massillon Tiger Football Booster Club for use to promote and support the football team of Washington High School of the Massillon City School District. Using the same numbers as in the immediately preceding paragraph, annual sales of 500 license plates will generate \$12,500 per year for deposit in Fund 5V10 (\$25 contribution x 500 pairs of license plates sold) and subsequent distribution to the Massillon Tiger Football Booster Club.

Local fiscal effects

Redistributed Public Safety revenues

Whenever the Fund 4W40 cash flow changes, local governments may also be affected in some manner. Monthly, an assessment of Fund 4W40 occurs and cash is transferred to Fund 4W40 in order to cover BMV's monthly operating expenses. Any remaining funds are then distributed from the state's Auto Registration Distribution Fund (Fund 7051) to local governments (counties, municipalities, and townships) to use for transportation-related needs such as roads and bridges. As BMV's expenses or revenue sources increase or decrease, moneys available for redistribution to local governments may increase or decrease accordingly. Thus, if BMV collects more in administrative fee revenues than it costs to produce and distribute a special license plate, there is, in theory, more money available for distribution back to certain local governments via Fund 7051.