



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 233 of the 129th G.A.](#)

**Date:** June 17, 2011

**Status:** As Introduced

**Sponsor:** Reps. Letson and Huffman

**Local Impact Statement Procedure Required:** No

**Contents:** Authorizes school districts to sell commercial advertising space on the outside of school buses

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- School districts that enter into contracts to sell commercial advertising space on buses may see an increase in local revenue. The amount of revenue generated will depend on the terms of any contracts entered into by the individual school district.

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## Detailed Fiscal Analysis

Under the bill, a school district board of education is permitted to adopt a resolution establishing procedures to solicit and sell commercial advertising space on the outside of school buses owned by the district. Similarly, if a board leases a school bus or contracts for student transportation on a privately owned bus, the board may negotiate a provision of the contract to enable the board to sell advertising space on the bus. The bill describes the type of advertising permitted as signs attached to the outside surface of the bus, places certain restrictions on the content of the advertising permitted, and requires any board's adopted procedures to include establishment of a committee to approve all advertisements sold by the district.

The bill allows individual school districts to solicit bids and award contracts to sell advertising on their buses. Therefore, the amount of revenue generated by any one district through school bus advertisements will depend greatly on the terms of any contracts awarded. School districts across the country that permit similar advertising, typically contract with an advertising agency that is responsible for the design, installation, and maintenance associated with the advertisements. School districts then receive a percentage of the revenues generated, typically around 60%.<sup>1</sup>

Issues affecting the amount of revenue generated include the market rate for advertisements, the percentage of revenue kept by the advertising company, as well as the number of school buses operating in the district. Typical rates for similar advertisements on school buses in Arizona, Colorado, and Texas vary greatly depending on their size, location on the bus, number of buses on which advertisements appear, and the duration of contracts. The Paradise Valley Unified School District, a 98 square-mile urban/suburban school district with an enrollment of 33,500 students in northeast Phoenix, Arizona reports revenues totaling \$40,030 from July, 2007 to January, 2010 from their advertising program. The Cherry Creek School District, a 108 square-mile urban/suburban district with an enrollment of more than 50,000 students located in southeastern Denver, Colorado reports that the district received \$75,000 in revenue during the 2006-2007 school year from a similar advertising program.

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<sup>1</sup> As reported by the Tucson Unified School District, Scottsdale Unified School District, and by Media Advertising in Motion, an Arizona-based advertising company.