



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 133 of the 130th G.A.](#)

**Date:** May 7, 2013

**Status:** As Introduced

**Sponsor:** Reps. Slesnick and Johnson

**Local Impact Statement Procedure Required:** No

**Contents:** Eliminates the front license plate requirement

### State Fiscal Highlights

- The state's license plate production and distribution costs, which are paid for with moneys appropriated from the State Bureau of Motor Vehicles Fund (Fund 4W40), will decrease by up to \$1.43 million annually. In addition, as a result of the \$1 decrease in the amount of the license plate replacement/exchange fee, Fund 4W40 will lose around \$350,000 or more annually.
- There may be a minimal annual loss in fines that might otherwise have been collected from drivers cited for failure to display two license plates by the Ohio State Highway Patrol and some savings if the trooper who issued the citation would otherwise have had to appear in court if it had been contested. Under current law, such fines are deposited in the state treasury to the credit of the Security, Investigations, and Policing Fund (Fund 8400). There may also be a negligible annual loss in locally collected state court costs that are credited to certain state funds.

### Local Fiscal Highlights

- Counties and certain municipalities and townships statewide could see a minimal annual loss in court cost and fine revenues that might otherwise have been collected from drivers who would have been cited for failure to display two license plates and distributed to the appropriate local jurisdictions. That potential revenue loss would presumably be offset to some degree by the savings produced from no longer issuing and then processing citations for failure to display two license plates.

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## Detailed Fiscal Analysis

The bill eliminates the requirement that motor vehicles display a license plate on the front of the vehicle, which will have two direct fiscal effects on the state and its political subdivisions. First, it will reduce the state's annual license plate production and distribution costs. Second, as law enforcement officers would no longer be issuing citations for failure to display two license plates, state and local revenues (from court costs and fines) would decrease, as would the costs for local jurisdictions to process such violations.

### State fiscal effects

#### Bureau of Motor Vehicles

According to information provided by the state's Bureau of Motor Vehicles (BMV): (1) the annual cost to manufacture and distribute license plates totals \$4.3 million and (2) the projected annual savings from a single license plate, detailed in the table below, is estimated at \$1.43 million.<sup>1</sup> These projected annual savings would accrue to the State Bureau of Motor Vehicles Fund (Fund 4W40).

Estimated Annual Single Plate Savings	
Cost Category	Estimated Savings
Sheeting (reflective laminate)	\$682,950
Steel	\$487,500
County Sticker	\$159,900
Freight	\$3,600
Consumables*	\$91,500
<b>Total</b>	<b>\$1,425,450</b>

\*Consumables relates to special license plate production only.

#### Ohio State Highway Patrol

Under current law, if a Highway Patrol trooper cites a driver for the failure to display two plates, the resulting fine is deposited in the state treasury to the credit of the Security, Investigations, and Policing Fund (Fund 8400). As a result of the bill, such citations would no longer be issued. The resulting loss in fine revenue deposited to the credit of Fund 8400 will likely be no more than minimal annually, and could be offset to some degree by eliminating the need for troopers to appear in court for contested citations.

#### Revenues

**Citations.** As citations would no longer be issued for failure to display two license plates, the state will lose a negligible amount in state court cost revenues that would otherwise have been collected annually for deposit in the state treasury to the credit of

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<sup>1</sup> Estimated savings is based on average annual production runs of 1.8 million sets of standard embossed license plates and 150,000 sets of special license plates.

certain state funds. The amount of state court costs assessed depends upon whether the driver was cited for a moving or nonmoving traffic violation. The state funds that receive court costs from various traffic and criminal violations include: the Indigent Defense Support Fund (Fund 5DY0), the Victims of Crime/Reparations Fund (Fund 4020), the Drug Law Enforcement Fund (Fund 5ET0), and the Justice Program Services Fund (Fund 4P60).

**Replacement license plates.** Under current law, the BMV charges a fee of \$7.50 to replace or exchange a set of two license plates. Of that amount, \$5.50 is credited to the State Highway Safety Fund (Fund 7036) and \$2.00 is credited to the State Bureau of Motor Vehicles Fund (Fund 4W40). The bill reduces the \$7.50 fee by \$1.00 to \$6.50, which is the current fee for replacing or exchanging a single license plate, and similarly reduces the amount of that fee credited to Fund 4W40 by \$1.00. Based on the number of double license plate replacements/exchanges processed in FY 2010 – 355,498 – this \$1 fee reduction will result in Fund 4W40 losing up to \$350,000 or more annually.

### **Local fiscal effects**

Under current law, a violation of the requirement to display two license plates is likely to result in a law enforcement officer issuing a citation for the commission of a minor misdemeanor, the penalty for which would be a fine of up to \$150. In lieu of making a court appearance on the citation, a person is permitted to pay the amount of fines and court costs to the office of the clerk of the court in person or by mail.

As a result of the bill, counties and certain municipalities and townships will likely see a loss in fine and court cost revenues, the magnitude of which depends upon the number of citations typically issued annually to drivers who did not display two license plates. The likely loss in annual revenue for local jurisdictions is unlikely to exceed minimal. If most of the violations are in fact citation-based minor misdemeanors, then those operating expenses are likely to be minimal annually. Thus, the bill may generate a minimal annual savings effect that could offset the annual revenue loss.

A potential indirect local fiscal effect is also possible, as whenever the cash flow for Fund 4W40 changes, local governments may also be affected. Monthly, an assessment of Fund 4W40 occurs and excess cash not needed for the BMV's monthly operating expenses is transferred to the state's Auto Registration Distribution Fund (Fund 7051). Cash in Fund 7051 is distributed to local governments (counties, municipalities, and townships) to use for transportation-related needs such as roads and bridges. As the BMV's expenses or revenue sources increase or decrease, moneys available for redistribution to local governments may increase or decrease accordingly. Thus, a decrease in expenditures for the state's Fund 4W40 may result in more money being available for distribution back to local governments via Fund 7051.