



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [Sub. H.B. 494 of the 130th G.A.](#)

**Date:** May 21, 2014

**Status:** As Reported by House State and Local Government

**Sponsor:** Rep. Schuring

**Local Impact Statement Procedure Required:** No

**Contents:** Authorizes the use of county regional transportation improvement projects (RTIPs)

### State Fiscal Highlights

- The Ohio Department of Transportation (ODOT) could incur minimal new administrative costs to evaluate proposed regional transportation improvement projects (RTIPs) and approve or deny such proposals.
- ODOT could incur costs to provide assistance to an RTIP if requested to do so by the RTIP governing board. These costs would be repaid by the RTIP.

### Local Fiscal Highlights

- RTIP governing boards would be authorized to raise revenue from the issuance of securities, a county motor vehicle license tax, or certain other pledged revenues.
- The amount of any gain in revenues from a motor vehicle license tax, should a county participating in an RTIP choose to levy one, is dependent on the amount of the increase, as well as the number of registered vehicles impacted by the increase.
- A county motor vehicle license tax for the purpose of supporting an RTIP must be approved by voters in order to be levied. County boards of elections could incur costs for ballot advertising and other activities related to such levy requests.
- Counties could incur certain administrative costs if they choose to form an RTIP. Costs of transportation improvements would be funded from one or more of the permissible revenue sources noted above, while administrative costs would be funded from some other source unless approved by the Director of Transportation.
- Counties would be responsible for any ongoing maintenance or administrative costs associated with a transportation improvement project created by an RTIP upon the dissolution of an RTIP when the project is completed.

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## Detailed Fiscal Analysis

The bill authorizes boards of county commissioners of two or more counties to enter into a cooperative agreement to create a regional transportation improvement project (RTIP) for the purpose of carrying out transportation improvements within the territory of the participating counties. Such improvements may include construction, repair, maintenance, or expansion of streets, highways, parking facilities, railroads and related rail facilities, bridges, tunnels, overpasses and underpasses, interchanges, approaches, culverts, and other means of transportation. An RTIP would be overseen by a governing board consisting of one county commissioner and the county engineer from each participating county.

### Funding for RTIP improvements

The bill provides for the raising of revenue to fund transportation projects included in an RTIP via several permissible means. First, a governing board issues securities backed by certain pledged revenues. The governing board may solicit and receive pledges of revenue for the purpose of backing these securities or for paying the costs of transportation improvements. The bill prohibits the use of these pledged or allocated revenues for an RTIP's administrative costs without the prior approval of the Director of Transportation. The state, participating counties, and political subdivisions or taxing units within those counties may pledge revenue to the governing board for allowable purposes. Permissible sources of such funding include:

1. The state General Revenue Fund;
2. Payments in lieu of taxes derived from tax increment financing (TIF);
3. Income tax revenue generated from a joint economic development district (JEDD) or joint economic development zone (JEDZ);
4. Revenue derived from special assessments levied in a special improvement district (SID); and
5. Revenue derived from an income source of a new community district.

### Permissive motor vehicle license tax

The bill also authorizes RTIP governing boards to request the county commissioners of one or more of the participating counties to levy, with voter approval, a motor vehicle license tax. This tax may be used to pay the cost of transportation improvements, pay debt service on RTIP securities, and to fund supplemental transportation improvements not described in the RTIP cooperative agreement. The rate of the tax must be between \$1 and \$15, in \$1 increments, for motor vehicles and either \$1 or between \$10 and \$100, in \$10 increments, for commercial trucks, trailers, and semitrailers. Under continuing law, local permissive motor vehicle license taxes are generally capped at \$20 and taxed in \$5 increments; the permissive levy authorized by the bill would allow for counties to tax above this amount.

If an RTIP governing board intends to use any license tax revenue for supplemental transportation improvements, the board must allocate the revenue among both the primary improvements contained within the RTIP cooperative agreement and the supplemental improvements. Not more than \$5 per vehicle may be used for supplemental improvements.

The provision authorizing RTIP governing boards to request the county commissioners of one or more participating counties to levy an additional tax will result in a gain in revenues for participating local governments. Any gain is dependent on the amount of the tax levied, as well as the number of motor vehicles registered in the affected counties.

If a board of county commissioners chooses to place a motor vehicle license tax before the voters, county boards of elections could incur costs for certain activities, such as ballot advertising and other expenses associated with placing such an issue on the ballot. These costs are not likely to be substantial.

### **Costs of creating and administering an RTIP**

Under the bill, any costs incurred by an RTIP governing board for its official functions would be borne by one or more of the revenue sources described above, or in the case of administrative costs not approved by the Director of Transportation, some other source. These could include:

1. Employing persons or acquiring property necessary to carry out its functions;
2. Entering into contracts for goods and services (any contracts with a cost greater than \$50,000 are subject to the same competitive bidding procedures that apply to boards of county commissioners);
3. Administrative costs of county auditor and county prosecutor offices within the most populous counties covered by an RTIP agreement, who serve as the fiscal and legal officers, respectively, of an RTIP governing board, though it is unclear if RTIP governing boards would reimburse county auditors and prosecutors for these costs, or if these offices would bear the costs.

Additionally, there would likely be some start-up costs that counties would incur if they choose to create an RTIP. Such counties could incur certain new administrative costs, including the cost of hiring consultants, to draft and enter into cooperative agreements. Boards of county commissioners are also required to conduct public hearings on proposed RTIP cooperative agreements and provide public notice of such hearings; it is likely that county commissioners would incorporate these requirements into their regular public proceedings and would not incur any substantial additional costs for these activities.

The bill authorizes boards of county commissioners participating in an RTIP to make appropriations from county funds to pay costs incurred by the RTIP governing board in exercising its functions.

### **Dissolution of an RTIP**

Under the bill, once a transportation improvement project is completed, all contractual duties have been fulfilled, and all bonds are repaid, an RTIP and its governing board are to dissolve. When this occurs, the boards of county commissioners that created the RTIP will assume title to all real and personal property of the RTIP, which is to be divided in accordance with the cooperative agreement that formed the RTIP. All pledges of revenue from the state or a political subdivision to the RTIP are also to terminate upon the RTIP's dissolution, unless otherwise provided by contract. This dissolution process would, in effect, transfer ownership and responsibility for all transportation improvements undertaken by an RTIP to the participating counties. The responsibility for ongoing maintenance and administrative costs related to the improvements after that point would be borne by the counties, presumably out of the counties' own funds.

### **Role of ODOT**

Under the bill, an RTIP governing board must submit its cooperative agreement to ODOT for evaluation as to whether the proposed transportation improvements are in the best interest of the state's transportation facilities. The Director of Transportation is authorized to approve or deny an RTIP agreement and send notice of the determination to each county that is a party to an RTIP. This process may result in minimal new administrative costs to ODOT.

The bill authorizes an RTIP governing board to request assistance from the Ohio Department of Transportation (ODOT) in completing transportation improvements prescribed by the RTIP cooperative agreement. If it receives such a request, ODOT may require the RTIP to submit documentation to substantiate that it has sufficient resources to fund its share of the project. If ODOT determines that there are sufficient resources, it is permitted to make available any ODOT resources necessary to fulfill the request. Under the bill, an RTIP governing board that receives such assistance from ODOT would bear the costs of such assistance. This would likely either take the form of a contract with ODOT or a reimbursement for services.