



# Ohio Legislative Service Commission

*Maggie Wolniewicz*

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## Fiscal Note & Local Impact Statement

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**Bill:** S.B. 119 of the 131st G.A.

**Date:** October 1, 2015

**Status:** As Passed by the Senate

**Sponsor:** Sens. Hite and Obhof

**Local Impact Statement Procedure Required:** No

**Contents:** "Lincoln Highway" license plate

### State Fiscal Highlights

- Annually, license plate production costs will total up to \$3,185 or more and the related administrative fees collected will total up to \$5,000 or more. The administrative fees will be deposited into the existing State Bureau of Motor Vehicles Fund (Fund 4W40), which the Bureau of Motor Vehicles uses to defray the cost of manufacturing and distributing license plates and stickers, and to cover the cost of motor vehicle registration.
- A minimum of \$10,000 may be generated annually for distribution to the Ohio Lincoln Highway Historic Byway.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## **Detailed Fiscal Analysis**

The bill creates the "Lincoln Highway" license plate and requires a person obtaining the plate pay both of the following: (1) a \$20 contribution that the Registrar of Motor Vehicles is required to pay to the Ohio Lincoln Highway Historic Byway, and (2) a \$10 Bureau of Motor Vehicles (BMV) administrative fee.

### **State fiscal effects**

#### **Bureau of Motor Vehicles**

The BMV currently produces special license plates via a digital print on demand process. The total cost to produce a pair of these plates is \$6.37. Under the bill, a person obtaining the "Lincoln Highway" license plate must pay an administrative fee of \$10, the purpose of which is to compensate the BMV for additional services required in issuing the plate. Assuming, as described in the paragraph immediately below, the plate meets the minimum registration requirement of 500 persons, then annually plate production costs will total at least \$3,185 (500 persons x \$6.37) and the administrative fees collected will total at least \$5,000 (500 persons x \$10). The fee will be deposited into the existing State Bureau of Motor Vehicles Fund (Fund 4W40), which the BMV uses to defray the cost of manufacturing and distributing license plates and stickers, and to cover the cost of motor vehicle registration.

Under existing law, the "Lincoln Highway" license plate will be subject to the minimum registration requirement generally applicable to special license plates and to termination and revival procedures. For example, the BMV 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 (R.C. 4503.78). If, during any calendar year, the total number of new and renewal motor vehicle registrations involving such a nonstandard license plate totals less than 500, the issuance of that license plate may cease as of December 31 of the following year.

#### **License Plate Contribution Fund**

The \$20 contribution paid for the issuance of the "Lincoln Highway" license plate will be deposited into the existing License Plate Contribution Fund (Fund 5V10) and then paid to the Ohio Lincoln Highway Historic Byway. Assuming, as described above, the plate meets the minimum registration requirement of 500 persons, then the total amount contributed annually will be at least \$10,000 (500 persons x \$20). The Ohio Lincoln Highway Historic Byway is required to use those contribution funds solely to promote and support the historical preservation and advertisement of the Lincoln Highway in Ohio.

## **Local fiscal effects**

### **Redistributed BMV revenues**

The bill does not have a direct fiscal effect on political subdivisions of the state. However, whenever the cash flow of Fund 4W40 changes, local governments may be indirectly affected. Monthly, an assessment of Fund 4W40 occurs and excess cash not needed for 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 BMV's expenses or revenue sources increase or decrease, money available for redistribution to local governments may increase or decrease accordingly. Thus, if the BMV's costs to produce and distribute license plates increases, there may be less cash available for distribution back to certain local governments via Fund 7051.