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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 163  
133<sup>rd</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 163's Bill Analysis](#)

**Version:** As Recommended by Conference Committee

**Primary Sponsor:** Sen. Kunze

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill creates 33 new nonstandard license plates, 32 of which are subject to current law's minimum registration requirements of 150 applicants for the first year and 25 applicants annually thereafter.
- For each of the new nonstandard license plates where demand reaches the minimum threshold of 150 plates, the Bureau of Motor Vehicles (BMV) will: (1) collect at least \$1,500 in fee revenues and (2) incur at least \$615 in license plate production costs. The designated recipient organization will receive, depending upon the amount of the required contribution, a minimum of between \$1,500 and \$4,500.
- Beginning in the second year, for each of the new nonstandard license plates that stays in circulation, the BMV will collect at least \$250 in fee revenues and incur \$4.10 in costs for each new set of plates issued. The designated recipient organization will receive, depending upon the amount of the required contribution, a minimum of between \$250 and \$750.
- For each "Ohio Sons of the American Legion" license plate issued, which is exempt from implementation and termination requirements, the BMV will collect a \$10 administrative fee and incur \$4.10 in license plate production costs; the Ohio Sons of the American Legion will receive a \$10 contribution.
- The actual annual BMV fee revenue and cost, and related annual contributions paid to designated organizational recipients, depend upon demand for each of the bill's nonstandard license plates each year.
- A person who applies for one of the bill's 33 new nonstandard license plates generally must pay: (1) a \$10 BMV administrative fee, and (2) a contribution ranging from \$10 to

§30. The “Ohio Carpenters” and “Stop Elder Abuse” license plates do not require a contribution.

- The bill generally will have no direct fiscal effect on political subdivisions, the exceptions being related to six of the bill’s new nonstandard license plates for which the recipient of the required contribution is a designated public school or a municipal corporation.
- Starting with FY 2022, the bill’s prorated electric and hybrid motor vehicle registration fee provision will result in an annual decrease in the amount of revenue collected by the Registrar of Motor Vehicles and then distributed by the Treasurer of State to the Highway Operating Fund (55%) and political subdivisions (45%) for specified purposes related to roads and bridges. That decrease is expected to be less than \$1 million per year but will ultimately depend upon the number of new such vehicles registered annually that otherwise would have been required to pay the full amount.
- The bill’s modification of the amounts that would be withheld from state Local Government Fund (LGF) payments to political subdivisions that operate traffic cameras may decrease the amount of LGF payments withheld from such subdivisions by approximately \$1.6 million in FY 2021, and by roughly double that amount in subsequent fiscal years.
- Currently, any LGF amounts withheld from local authorities that operate traffic cameras are credited to the Ohio Highway and Transportation Safety Fund; thus, the reduced amounts withheld from local governments would reduce revenue to the Ohio Highway and Transportation Safety Fund.

## Detailed Analysis

### New nonstandard license plates

The bill creates 33 nonstandard license plates generally available to all persons with an eligible vehicle registered in Ohio.<sup>1</sup> A person applying for a plate must pay: (1) a \$10 Bureau of Motor Vehicles (BMV) administrative fee, and (2) a contribution ranging from \$10 to \$30.<sup>2</sup> The table below summarizes each plate by name, including the contribution amount and recipient organization.

Nonstandard License Plates			
Nonstandard License Plate	BMV Fee	Required Contribution	Contribution Recipient
A Kid Again	\$10	\$25	A Kid Again, Inc.

<sup>1</sup> The “Ohio Association of Chiefs of Police” license plate is available only to a member or staff of the Ohio Association of Chiefs of Police or that person’s spouse.

<sup>2</sup> The “Stop Elder Abuse” and “Ohio Carpenters” license plates do not require a contribution.

Nonstandard License Plates			
Nonstandard License Plate	BMV Fee	Required Contribution	Contribution Recipient
ALS Awareness	\$10	\$25	ALS Association Central & Southern Ohio Chapter
American Foundation for Suicide Prevention	\$10	\$20	Ohio Chapter of the American Foundation for Suicide Prevention
Archbishop Moeller High School	\$10	\$25	Archbishop Moeller High School
Bottoms Up Diaper Drive	\$10	\$20	Bottoms Up Diaper Drive
City of Twinsburg	\$10	\$15	Municipal corporation of Twinsburg
Cleveland Clinic Children's	\$10	\$25	Cleveland Clinic Foundation
Cuyahoga Valley Scenic Railroad	\$10	\$15	Cuyahoga Valley Scenic Railroad
East Europeans of Ohio	\$10	\$25	Eastern European Congress of Ohio
Elder High School	\$10	\$30	Elder High School
Fairfield Senior High School	\$10	\$30	Fairfield Senior High School
Fallen Timbers Battlefield	\$10	\$20	Fallen Timbers Battlefield Preservation Commission
Folds of Honor	\$10	\$25	Folds of Honor of Central Ohio
Habitat for Humanity of Ohio	\$10	\$20	Habitat for Humanity of Ohio, Inc.
Hamilton High School	\$10	\$30	Hamilton High School
Harrison Central Huskies	\$10	\$20	Harrison Central Jr./Sr. High School
Healthy New Albany	\$10	\$25	Healthy New Albany
John F. Kennedy Catholic School	\$10	\$20	John F. Kennedy Catholic School
La Salle High School	\$10	\$30	La Salle High School
Liberty Center Local Schools	\$10	\$25	Liberty Center Local School District
National Council of Negro Women	\$10	\$25	National Council of Negro Women, Inc.
Ohio Association of Chiefs of Police	\$10	\$10	Ohio Association of Chiefs of Police

Nonstandard License Plates			
Nonstandard License Plate	BMV Fee	Required Contribution	Contribution Recipient
Ohio Bullfrog	\$10	\$15	Ohio Department of Natural Resources
Ohio Carpenters	\$10	None	N/A
Ohio DeMolay	\$10	\$15	Ohio DeMolay
Ohio Sons of the American Legion	\$10	\$10	Ohio Sons of the American Legion
Ronald McDonald House Charities	\$10	\$25	Central Ohio Chapter of the Ronald McDonald House Charities
Ross High School	\$10	\$30	Ross High School
St. Charles Preparatory School	\$10	\$30	St. Charles Preparatory School
St. John's Jesuit High School and Academy	\$10	\$26	St. John's Jesuit High School and Academy
Stop Elder Abuse	\$10	None	N/A
Summit Metro Parks	\$10	\$10	Summit Metro Parks Foundation
Zero	\$10	\$25	Zero, The End of Prostate Cancer, Incorporated

### License plate implementation and termination procedures

Under existing law, a nonstandard license plate generally is subject to a minimum registration requirement and to related termination and revival procedures. For example, the BMV Registrar is not required to implement any legislation that creates a new nonstandard license plate until the Registrar receives written statements from at least 150 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 the plate totals less than 25, the issuance of that license plate may cease as of December 31 of the following year (R.C. 4503.77).

Thirty-two of the bill's 33 new nonstandard license plates are subject to these procedures. The bill specifies that those procedures do not apply to the "Ohio Sons of the American Legion" license plate.

## **Production costs and administrative fees**

The BMV currently produces nonstandard license plates via a digital print-on-demand process. The total cost to produce a pair of these plates is \$4.10.<sup>3</sup> Under the bill, a person obtaining such a 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. The administrative fees will be credited to the Public Safety – Highway Purposes Fund (Fund 5TM0), which is used in part to pay the BMV’s expenses related to titling motor vehicles, licensing drivers, and registering motor vehicles.

- For each license plate that satisfies the minimum 150-person registration requirement, then, in the first year, the annual production costs for each license plate will total \$615 (150 persons x \$4.10) and the administrative fees collected will total \$1,500 (150 persons x \$10).
- For each license plate in subsequent years that satisfies the minimum 25-person registration requirement (new and renewals), the administrative fees collected will total \$250 (25 persons x \$10). The annual production costs for each license plate will total \$4.10 for each new set issued.

## **Contributions**

The required contribution paid for the issuance of 30 of the bill’s 33 new nonstandard license plates will be credited to the existing License Plate Contribution Fund (Fund 5V10) and then paid to the designated recipient organization.<sup>4</sup> The amount paid annually to such an organization will depend on the number of persons obtaining the plate for which it is the designated recipient.

## **Changes to existing nonstandard license plates**

### **“Freemason” license plate**

The bill eliminates the requirement that a person be in good standing of the Grand Lodge of Free and Accepted Masons of Ohio in order to obtain the license plate, which in effect makes it available to all persons with an eligible vehicle registered in Ohio. The bill also establishes a \$15 contribution to be paid to the Charitable Foundation of the Grand Lodge of Ohio for scholarship purposes. Under current law, there is no required contribution. This provision has no direct fiscal effect on the state or political subdivisions.

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<sup>3</sup> Effective July 1, 2020, H.B. 62 of the 133<sup>rd</sup> General Assembly replaced the two license plate requirement that was previously in effect for most motor vehicles, including passenger cars, with a single license plate requirement. As a result, special license plate production costs may decrease by some amount.

<sup>4</sup> The “Stop Elder Abuse” and “Ohio Carpenters” license plates do not require a contribution, and the contribution for the “Ohio Bullfrog” license plate will be deposited to the credit of the existing Wildlife Habitat Fund.

### **“Girl Scouts” license plate**

The bill: (1) redirects the annual \$15 contribution from the existing “Girl Scouts” license plate from the Great River Council of the Girl Scouts to the Girl Scouts of Ohio’s Heartland, and (2) requires the Registrar of Motor Vehicles and a representative from the Girl Scouts of Ohio’s Heartland to contract for the national Girl Scout logo to continue to be displayed on the license plates. This provision has no direct fiscal effect on the state or political subdivisions.

### **“Glen Helen Nature Preserve” license plates**

The bill redirects the \$15 contribution received from the purchase of a “Glen Helen Nature Preserve” license plate from the Glen Helen Ecology Institute of Antioch College to the Glen Helen Association since the Association acquired the Glen Helen Nature Preserve from Antioch College in September 2020. This provision has no direct fiscal effect on the state or political subdivisions.

### **“Gold Star Family” license plate**

The bill exempts an immediate family member of a person who died in a combat zone while serving in the armed forces who applies for, and is subsequently issued, a “Gold Star Family” license plate from paying all vehicle registration taxes and fees. These taxes and fees include the base vehicle tax, the deputy registrar fee, and any local permissive motor vehicle taxes. Under current law, applicants for the “Gold Star Family” license plate do not pay an additional fee for the license plate, but do pay standard registration taxes and fees. As a result, the state and local governments will lose some amount of revenue annually for each “Gold Star Family” license plate and vehicle registration that is either issued or renewed at no cost. In calendar year 2018, there were 842 active “Gold Star Family” license plates.

The total annual cost to register a passenger car (state taxes and fees, plus local permissive motor vehicle license taxes) ranges from \$36 to \$66, depending upon the amount of local permissive taxes imposed in the district within which the vehicle is registered. The state taxes and fees total \$36 and are distributed as follows: \$20 to local governments, \$11 to the Department of Public Safety for expenses incurred in the administration and enforcement of motor vehicle and traffic laws, and \$5 deputy registrars (or the Bureau of Motor Vehicles for mail-in and online transactions) as a service fee. The remainder, up to \$30, consists of permissive local motor vehicle taxes that are levied by local governments in \$5 increments, and cannot exceed \$30 per vehicle.

### **“Purple Heart” license plate**

The bill permits a person, who is eligible for both a “Purple Heart” license plate and a license plate imprinted with the International Symbol of Access indicating that the person is disabled, to apply for a single plate that displays both symbols provided the disability that necessitates the International Symbol of Access is a service-connected disability. The bill also specifies that after a person who was issued a “Purple Heart” license plate dies, the Registrar of Motor Vehicles must ensure that the “Purple Heart” license plate is replaced with another type of license plate when the title to the vehicle is transferred. These provisions have no direct fiscal effect on the state or political subdivisions.

## **Electric and hybrid motor vehicle registration fees**

Effective January 1, 2020, state law imposed an additional \$200 for each application for registration or registration renewal received for any plug-in electric motor vehicle, and an additional \$100 for each application for registration or registration renewal received for any hybrid motor vehicle. The fees are transmitted by the Registrar of Motor Vehicles to the Treasurer of State.

The Treasurer is required to divide the money as follows: 55% to the Highway Operating Fund (Fund 7002), which is used by the Department of Transportation, and 45% among municipal corporations, counties, and townships. Use of the money is limited to: (1) construction, maintenance, and repair of roads and bridges, (2) operational costs of applicable state agencies, and (3) as a match for other revenue for these purposes.

### **Registration fee proration**

The bill prorates the additional registration fees for plug-in electric motor vehicles (\$200) and hybrid motor vehicles (\$100) based on the number of months for which the vehicle is registered. Currently, the fees are not prorated. As a result of the bill, the amount of fee revenue collected by the Registrar and then distributed by the Treasurer of State that otherwise would have been collected under current law will decrease. LBO estimates that, starting with FY 2022, under \$1 million in fee revenue will be foregone annually. The actual amount of foregone fee revenue in any given year will depend on the number of new such vehicles being registered that otherwise would have been required to pay the full amount.

## **Local Government Fund adjustments for subdivisions that use traffic cameras**

Under current law, a political subdivision (i.e., a municipal corporation, county, or township) that operated, directly or indirectly, a traffic camera during the preceding fiscal year is required to notify the Tax Commissioner, on or before July 31 in each year, of the gross amount of all fines collected from operating such cameras, including the gross amount of such fines that took place in school zones. Payments to such political subdivisions from the state Local Government Fund (LGF) are reduced by the amount of fine revenue collected by the political subdivision; any LGF amounts withheld from those local authorities are to be credited to the Ohio Highway and Transportation Safety Fund. The amount of fines for violations that took place in school zones will be refunded to local authorities, but that amount is required to be used for school safety purposes. Current law was enacted in H.B. 62 of the 133<sup>rd</sup> General Assembly, and the initial reductions in LGF payments are scheduled to begin in January 2021.

The bill modifies the current penalties for a political subdivision that operates traffic cameras in the following ways:

- Limits the amount of any reduction to a county undivided local government fund (CULGF) to the amount of the LGF payment the subdivision using traffic cameras would have otherwise received from that fund (it thereby holds other subdivisions in the same county harmless in the event that a subdivision in the same county collects a large amount of traffic camera fines);
- Requires an LGF adjustment for a village with a population of less than 1,000 or a township also be applied against the supplemental LGF payments that village or

township would otherwise receive pursuant to a \$12 million annual earmark for that purpose; and

- Limits the amount of state reimbursement of traffic camera fines to political subdivisions for violations in school zones to the amount of the subdivision's LGF reductions. The bill requires the Tax Commissioner to increase the next CULGF payment for any county that incurred an LGF penalty in FY 2021 due to the operation of traffic cameras by another subdivision located within the county.

The bill also clarifies that subdivisions are required to report, and LGF adjustments are based upon, traffic camera fines that are collected in the preceding fiscal year rather than traffic camera fines based on violations that occurred in the preceding fiscal year. The bill also establishes temporary procedures and computations to implement the bill's changes in FY 2021.

The bill would ensure that no political subdivision in the state experiences a reduction in payments from the LGF because of the policy choices of its neighboring subdivisions within a county. Department of Taxation officials report that 14 political subdivisions collected a total of \$5.84 million in traffic violation fines using traffic cameras during the most recent fiscal year,<sup>5</sup> based on filings of the required report with the Department. Factoring in estimated LGF distributions prepared by the Department in calendar year 2021, the bill may decrease the amount of LGF payments withheld from local governments by approximately \$1.6 million in FY 2021. The estimated amount is due to higher estimated fines for certain local governments that operated traffic camera programs in the previous fiscal year compared to the estimated distributions from the LGF.

Department officials report that the current policy will be implemented starting January 1, 2021, implying the actual loss of LGF payments that will be withheld from local governments that operate traffic cameras in future fiscal years would be very roughly twice the estimated \$1.6 million but would depend on the amount of fines collected from authorities that operate such cameras and actual LGF distributions. The reduced amounts withheld from such local governments would reduce revenue to the Ohio Highway and Transportation Safety Fund.

The bill requires the Director of Budget and Management to transfer the necessary amount of money from the Ohio Highway and Transportation Safety Fund to the Local Government Fund (Fund 7069) for making the increased payments. The bill appropriates up to \$3.2 million in FY 2021 for Revenue Distribution Fund (RDF) appropriation item 110969, Local Government Fund, for such payments.

Currently, LGF payments can be made directly to municipalities or indirectly via a CULGF. In addition to those two channels by which a political subdivision may receive funding from the LGF, eligible small villages (i.e., villages with less than 1,000 in total population) and townships receive funding through supplemental LGF payments.<sup>6</sup> Current traffic camera LGF

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<sup>5</sup> A substantial majority of the fine revenue was collected in three counties: Trumbull, Columbiana, and Cuyahoga.

<sup>6</sup> In each month, \$1 million is set aside from the allocation of the LGF direct payment to municipalities and is reallocated through CULGFs for eligible small villages and townships.



adjustment law does not affect supplemental LGF payments to small villages with less than 1,000 in total population and townships, but the bill subjects these supplemental payments to reduction for subdivisions that operate traffic cameras.