



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 159 of the 131st G.A.

Date: May 18, 2015

Status: As Introduced

Sponsor: Reps. T. Johnson and Patmon

Local Impact Statement Procedure Required: Yes

Contents: Eliminates the front license plate requirement

State Fiscal Highlights

- The state's license plate production and distribution costs, which are paid for with money appropriated from the State Bureau of Motor Vehicles Fund (Fund 4W40), will decrease by up to \$1.43 million annually.
- There will be a minimal at most loss in fine revenue that would otherwise have been collected from drivers cited for failure to display two license plates by the Ohio State Highway Patrol and deposited in the state treasury to the credit of the Security, Investigations, and Policing Fund (Fund 8400). Presumably, there will be some operational savings if the trooper who issued the citation would otherwise have had to appear in court if the charge had been contested.
- The state will lose, at most, a minimal amount of court cost revenue that would otherwise have been collected for deposit in the state treasury to the credit of certain state funds.¹

Local Fiscal Highlights

- As there will no longer be any drivers cited for failure to display two plates, counties, municipalities, and townships will lose revenue from ticketing activity that generates money from court costs, fees, and fines. That statewide loss is estimated at up to between \$120,000 and \$240,000 or more annually. The annual loss in certain local jurisdictions will be in the tens of thousands of dollars. That revenue loss may be offset to some degree by the savings produced from no longer issuing and then processing citations for failure to display two license plates.

¹ 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).

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, fees, 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.² These projected annual savings would accrue to the existing 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
Total	\$1,425,450

*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 could no longer be issued and fine revenue would not be collected. The resulting loss in fine revenue deposited to the credit of Fund 8400 will be minimal at most annually, and could be offset to some degree by eliminating the need for troopers to appear in court for contested citations.

² 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.

Revenues

As citations would no longer be issued for failure to display two license plates, the state will lose, at most, a minimal amount of court cost revenue that would otherwise have been collected for deposit in the state treasury to the credit of certain state funds. 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).

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, fees, and court costs to the office of the clerk of the court in person or by mail. As a result, counties, municipalities, and townships statewide will see some loss in fine, fee, and court cost revenues, the magnitude of which in any given local jurisdiction will depend upon the number of citations typically issued to drivers annually for failure to display two plates.

In 2013, the Department of Public Safety reported 36,500 tag/sticker violations statewide, which included failure to display: (1) any license plate (front or rear), (2) a current validation sticker, (3) a county sticker, or (4) a temporary tag. The number of citations issued specifically for failure to display a front license plate is uncertain.

Statistics for the Franklin County Municipal Court, which has countywide jurisdiction, indicate that, on average, close to 300 failure to display charges have been filed with the court annually from calendar years 2012 to 2014. The total cost of the ticket associated with each charge is around \$100, including court costs, fees, and a \$45 fine. Annualized that means that the total amount of local revenue being collected in the Franklin County Municipal Court from failure to display charges is approximately \$30,000. Under the bill, that revenue will no longer be collected and distributed to the appropriate local jurisdictions.

A simple population-based extrapolation from the Franklin County Municipal Court's charging data suggests that the total number of failure to display charges being filed annually statewide could be at least 1,200 or more. The total cost of the ticket in local jurisdictions around the state varies between \$100 and \$200 (court costs, fees, and fines). Annualized that means that the total amount of local revenue being collected from failure to display charges statewide could be between \$120,000 and \$240,000, if not more. Under the bill, that revenue will no longer be collected and distributed to the appropriate local jurisdictions. Presumably, the revenue loss will be offset to some degree by a decrease in citation processing activity.

Potential indirect effects

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, money 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.

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