



# COUNTY ENGINEERS ASSOCIATION OF OHIO

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**Testimony – House Bill 26**  
**Ohio House of Representatives Finance Committee**  
**February 14, 2017**

Chairman Smith, Ranking Member Cera, Sub. Committee Chairman McColley, Ranking Member Reece, and members of the House Finance, thank you for the opportunity to speak to you today about the benefits and importance of House Bill 26, the 2018-2019 state transportation budget.

The County Engineers Association of Ohio (CEAO), where I am pleased to serve as the current President, is the association for all County Engineers of Ohio. Since 1940, CEAO has worked to unify its members in providing the highest quality transportation, drainage, surveying and land record keeping services. From the safe and efficient movement of people, goods and services to continuing land development needs, CEAO strives to construct solutions for many challenges to Ohio's local infrastructure.

I have served as the County Engineer in Delaware County, since February of 1996. Prior to this, I served as Chief Deputy Engineer for 7 years. Previously, I was a project engineer in the construction and private consulting engineering industry.

The County Engineer is an elected official, serving terms of four years. The office prepares construction plans, specifications and estimates for improvements to all county roads. The County Engineer also serves as engineering advisor to all townships in the county, assisting them with township road improvements and maintenance. The office inspects and maintains all bridges on township and county roads and maintains traffic signals on county roads that intersect other county or township roads.

The Engineer's Office oversees new commercial and residential construction projects in unincorporated areas for conformance to public street construction standards as well as grading and erosion control requirements. The office also inspects work done by utilities in the public road right-of-way to ensure the safety of the residents and motorists of Ohio's County.

Ohio law requires the County Engineer to be both a registered professional engineer and professional surveyor. In addition to the engineering responsibilities of the office, the County Engineer oversees the county Map Department which maintains the county tax maps, reviews surveys for property transfers and creates subdivision lot numbers and street addresses.

It is critical to the citizens of Ohio that the County Engineer holds both a professional engineering and surveying license due to the magnitude of the duties mandated to the office. Additional benefits of having County Engineer dually registered:

- Helps ensure that engineers elected as county engineers have the appropriate professional education and experience.
- Ohio Revised Code contains no less than *17 separate sections* relating to surveying, all duties for which a county agency must ultimately be responsible.
- Is a cost-saving measure for Ohio local governments by streamlining cost because of all the duties they are able to do.

We are responsible for 26,859 bridges and 29,088 miles of urban and rural roadways that are vital to the continued growth and prosperity of state. Although Ohio is ranked 35th in the nation by geographic size, it has the fourth largest interstate network that carries the fourth largest amount of truck traffic. The state is within a 600-mile drive of half of the nation's population and is considered a crossroad for America's manufacturing and agricultural industries. **Every trip begins and ends on a local road.**

**Total Current Revenue: \$450 million**  
**Current need: \$1.12 Billion**  
**Funding Deficiency: 60%**

County Engineers, although using revenues efficiently, cannot keep up with the increasing costs for improvements.

<b>Total Number of County Bridges</b>	<b>26,081</b>
Closed	96
Posted with Load Limits	1,553
One Lane	3,092
Bridges 50 years and older	9,595
Eligible for Replacement	2,029
Eligible for Repair	5,848
Total Cost to Replace and Repair all Eligible Bridges	\$1.3 Billion
Cost per Year on a 10-year Schedule	\$127.5 Million
<b>Total Miles of County Highway</b>	<b>28,970</b>
Miles Less than 20 ft Wide (Below Current Standards)	18,879
Between 20 and 24 ft	9,422
Greater than 24 ft	669
Cost per Year to Widen County Highways to Current Standards on a 20-year Schedule	\$226.5 Million
Cost per Year to Pave County Roads on a 10-year Schedule	\$362.1 Million
Cost per Year to Maintain County Highway System (including guardrail, pavement marking, signs, culverts, mowing, and snow plowing)	\$406.5 Million

## Funding Option 1

### **Permissive License Plate Fees**

- The “vehicle registration permissive tax” is an *optional* tax that can be levied by counties and/or taxing districts on vehicle registrations, defined in Ohio Revised Code Chapter 4504. A county, municipality or township has the option of passing a resolution per ORC before it can be effective the following registration year.
- Currently, there are eight \$5.00 levies that are available to be enacted, *but only four* can be in effect at any one time in any single taxing district (*i.e.*, either a township or a municipality (incorporated village or city)). The maximum permissive tax in any single taxing district is \$20.00 per registration per registration year.
- Under ORC 4504, permissive tax revenue may be used by counties and taxing districts for specific infrastructure projects such as planning, constructing, improving maintaining and repairing public roads, highways, streets, and for the maintaining and repair of bridges and viaducts.
- Since 1987 there has been no change in the state or permissive motor vehicle license tax maximum of \$20.00 for local governments. (The only state increase was an \$11 increase in 2003 for the Public Safety Fund, *i.e.*, The Department of Public Safety.

### **Proposal**

- The proposal contemplates a maximum of \$15 increase if three separate taxes are enacted. Counties, municipalities or townships would have authority to first pass a \$5 increase regardless of whether others do.
- A second new \$5 motor vehicle license tax would be available to the county for a four-year period immediately following enactment of the law, the revenues from which being split either the municipality, township or urban township. Prior to any township or municipal corporation receiving the percentage of revenue identified under the second \$5 license plate proposal, each eligible municipal corporation or township shall first pass a resolution requesting adoption of the motor vehicle license tax and forward a copy of that resolution to the board of commissioners within a specified period of time of being notified by the board of commissioners of their intent to adopt a resolution under the second \$5 motor vehicle license plate authority.
- After the expiration of four years, any county that had not taken action could enact the tax in any jurisdiction that has not taken action.

After the expiration of four years, any municipal corporation or township in a county that had not enacted this tax may enact this tax and retain all revenues within the jurisdiction.

### **Proposal Summary**

The proposal contemplates four separate \$5 authorities totaling a maximum of \$15 if three separate taxes are enacted.

<b>Taxing Authority</b>	<b>Amount</b>	<b>Distribution/Enactment</b>
<b>County</b>	<b>\$5.00</b>	100% of the revenue is distributed to the county. Counties may enact this tax at any time.
<b>County</b>	<b>\$5.00</b>	<u>The second new \$5 motor vehicle license tax would be available to the county for a <b>four year period</b> immediately following enactment of the law.</u> The distribution on municipal registrations is 50% to the county and 50% to the municipal corporation. For township registrations, 70% of the revenue is distributed to the county and 30% to the township; except in the case of an urban township, distribution would be 50% to the county and 50% to the township. <u>After the expiration of four years, any county that had not taken action could enact the tax in any jurisdiction that has not taken action.</u> The revenue distribution under this circumstance remains the same: 50% of municipal registrations to the county and 50% to the municipality; for township registrations it remains 70% to the county and 30% to the township, except for urban townships where the split would be 50% county/50% township. <u>After the expiration of four years, any municipal corporation or township in a county that had not enacted this tax may enact this tax and retain all registrations within the jurisdiction.</u>
<b>Municipality</b>	<b>\$5.00</b>	100% of the revenue is distributed to the municipality. Municipalities may enact this tax at any time.
<b>Township</b>	<b>\$5.00</b>	100% of the revenue is distributed to the township. Townships may enact this tax at any time.

Prior to any township or municipal corporation receiving the percentage of revenue identified under the second \$5 license plate proposal, each eligible municipal corporation or township shall first pass a resolution requesting adoption of the motor vehicle license tax and forward a copy of that resolution to the board of commissioners within a specified period of time of being notified by the board of commissioners of their intent to adopt a resolution under the second \$5 motor vehicle license plate authority.

Funding Option 2  
**Reduce the Loan Percent needed for OPWC**

Reducing the percent of the Ohio Public Works Commission (OPWC) State Capital Improvement Program (SCIP) that is set aside for loans from 15% to 10%. This would free up an additional \$7.85 million dollars across the state to be used by local governments (counties, townships, villages, cities) for infrastructure projects, without raising the amount of bond money needed for OPWC funding. Therefore, when the state sets aside monies to pay off these bonds, it does not cost the state more money. The amendment would reduce each district's loan requirement, increasing grant funding for needed infrastructure projects.

#### Getting Taxpayer Dollars to Work

ORC 164.05 G requires 15% of each district allocation to be used in the form of loans. Most of these are 0% for 20 years. Almost all projects in the 19 districts request loans to get points to qualify for grant funding. When these projects come in under budget –and the loans sit unused for years – the funds roll back to the loan pot. Therefore, the revolving loan program is growing and the 15% “draw out” pot is going from \$150 to \$175 to \$200 as a result of renewal ballot initiative from May 2014. Local governments cannot pay for the debt and the funds go unused.

#### Quick Overview of SCIP Program in OPWC

The State Capital Improvement Program (SCIP) was created in 1987 and renewed in 1995, 2005 and 2014 by amendments creating Sections 2k, 2m, 2p and 2s, Article VIII of the Ohio Constitution. These Constitutional provisions allow the State to use its general revenues as debt support to issue general obligation bonds up to \$150 million annually with increases to \$175 million in fiscal years 2017 to 2021 and \$200 million in fiscal years 2022 to 2026. Eligible applicants are counties, cities, villages, townships, and water and sanitary districts (ORC 6119 or 6117). Eligible projects are for improvements to roads, bridges, culverts, water supply systems, wastewater systems, storm water collection systems, and solid waste disposal facilities.

Funding is provided through grants, loans, and loan assistance or local debt support. Grants are available for up to 90% of the total project costs for repair/replacement, and up to 50% for new/expansion. Loans can be provided for up to 100% of the project costs. Grant/loan combinations are also available. There is no minimum or maximum loan amount. The term of the loan cannot exceed the useful life of the project, or thirty years, whichever is less. The minimum term is one year. The District will recommend the rate of interest for each loan in whole percent increments from 0 to 3 percent. Once the project is completed a final amortization schedule is provided requiring payments every January and July until the term of the loan expires. Loans may be paid in full with no prepayment penalty.

### State Efficiency 1 **Bridge Inspections**

- Bridge Owners (ODOT, Counties, Cities, Turnpike) would be able to assign the resources to appropriate bridges.
- All new bridges would be inspected annually for the first 3 years, then be placed on a two year cycle (unless it is a Fracture Critical Bridge) until the condition of the bridge warrants going to an annual cycle.

- Bridges that have a general appraisal condition of a 6 or less will be inspected on an annual cycle. General Appraisal is the overall condition of a bridge. The rating is a 0-9 scale. 9 is a new bridge. 0 is a closed bridge.
- Any bridge that the owner so designates inspection at a more frequent cycle (higher risk bridges due to a temporary condition).
- Currently, any bridge that is scour critical has an action plan during & after a flooding event. These plans will not be affected.
- There is an NCHRP research report on risk based bridge inspection. This report will be used to create a plan for Ohio.

## State Efficiency 2

### **County Weight Enforcement**

Ohio Revised Code 5577 defines load limits on highways, and sets liability for violating those limits. Approximately 25% of Ohio's counties have a weight enforcement program to help protect the county highway system and implement the enforcement of Ohio Revised Code 5577. Most County Commissioners have set up the operations of this program through the County Engineer, with assistance from the County Sheriff.

Chapter 5577.12 states that all funds collected through civil action under this section are credited directly to funds set up for the repair of roads and bridges within the proper political subdivision.

Chapter 5577.99 (A) defines the penalty for violating the weight provisions for sections 5577.01 to 5577.07, **but does not state that all funds collected through civil action under this section are credited directly to funds set up for the repair of roads and bridges within the county.**

Chapter 5577.99 (B) defines the penalty for violating the weight provisions for sections 5577.071 to 5577.09, and states that all funds collected through civil action under this section are credited directly to funds set up for the repair of roads and bridges within the county.

**The purpose of this proposed amendment is to insert wording into Chapter 5577.99 (A) which mirrors the wording in Chapter 5577.99 (B), to have all funds collected through civil action under this section credited directly to funds set up for the repair of roads and bridges within the county.**

Currently these funds collected under Chapter 5577.99 (A) include a 50% distribution to the county law library, which is also funded by statutes related to Clerk of Courts, various City fines, and Juvenile and Municipal Court fines. Those seem to fit more in the spirit of revenues for the law library.

Currently the weight enforcement programs operated by Ohio's County Engineers have expenses that far exceed the revenues to cover the costs associated with operating the program. For each dollar spent to protect the local highways and bridges from overweight vehicles, approximately 50 cents is returned to operate the program.

This proposed amendment is not to increase fees or to make (and will not make) the weight enforcement programs "whole", but to allow the distribution of the funds collected through civil action be credited back to the programs already created to protect our road and bridge infrastructure.

## State Efficiency 3

### **Moving Motor Fuel Tax Collection to the Rack**

The Ohio motor fuel tax applies to all dealers in motor vehicle fuel on the use, distribution, or sale within Ohio of fuel used to generate power for the operation of motor vehicles. The motor fuel excise tax rate has been 28 cents per gallon since July 1, 2005. The Ohio Constitution requires that revenue from the tax be used for highway construction, traffic enforcement and certain other activities. Motor vehicle fuel wholesale dealers, rather than retailers, remit the tax to the state of Ohio.

Following the movement of the Commercial Activity Tax (CAT) on petroleum products (now the Petroleum Activity Tax) to the terminal rack in 2014 and the state's need for additional dollars for road construction, the topic of moving the collection point for motor fuels sales tax has advanced into draft legislation. A change in the point of collection of the state's motor fuel tax would support the most efficient collection of Ohio's motor fuel tax by requiring suppliers rather than motor vehicle fuel wholesale dealers to remit the tax to the state of Ohio.

This concept is in line with collection of the PAT and the federal motor fuel tax that is currently collected at the Rack by the supplier and remitted to the state and the federal government. Moving the state motor fuel tax to the rack would reduce the number of collectors which would improve compliance with the current tax laws and it will ensure a level playing field regarding taxes for all in the industry. This move would, in turn, have a positive impact on consumers.

\*\*Current language in HB 26, is not the original language submitted for consideration. Stakeholders language kept the motor vehicle fuel wholesale dealers' "float" in tack. Original language has been submitted to the Chair for consideration as compromise language.

Thank you for the opportunity to discuss the legislation. I am happy to answer any questions you might have.