



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 210 of the 132nd G.A.

**Status:** As Introduced

**Sponsor:** Rep. Patton

**Local Impact Statement Procedure Required:** Yes

**Subject:** Prohibits local authority from deriving more than 30% of total annual revenue from the issuance of tickets for traffic law violations by traffic law photo-monitoring devices

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### State & Local Fiscal Highlights

- The bill has no direct fiscal effect on the state.
- As a result of limiting their ability to collect civil fine revenue associated with a speeding violation detected by a photo-monitoring device to 30% of their total annual revenue, (1) the village of Linndale (Cuyahoga County) will lose up to an estimated \$288,000 or more annually, and (2) the village of Newburgh Heights (Cuyahoga County) will lose up to \$90,000 to \$108,000 or more annually.
- Five local authorities (the cities of East Cleveland, and Girard, and the villages of Brice, New Miami, and Rutland) may experience some amount of revenue loss as a result of limiting their ability to collect civil fine revenue associated with a speeding violation detected by a photo-monitoring device to 30% of their total annual revenue.
- Presumably, in order to adjust to this revenue loss, the seven local authorities noted in the preceding dot points will reduce expenditures, find a revenue replacement, or implement some mix of both expenditure reductions and replacement revenue.

### Detailed Fiscal Analysis

The bill prohibits a local authority from deriving, in any year, more than 30% of its total annual revenue from the issuance of tickets for traffic law violations based on evidence recorded by traffic law photo-monitoring devices. The bill will have no impact on the expenditures or revenues of the state of Ohio, but will reduce the civil fine revenue generated for certain local governments using such devices.

#### Local authorities using traffic law photo-monitoring devices

According to the Insurance Institute for Highway Safety, there are 16 local authorities in Ohio that utilize photo-monitoring devices to enforce traffic signal light and/or speed limit violations. The following table lists: (1) each local authority, (2) county in which it is located, (3) population of local authority, (4) type of cameras used, (5) estimated amount of fine revenue generated annually from traffic law

photo-monitoring devices, (6) total estimated revenue for 2016, (7) 30% of its estimated total revenue, and (8) estimated revenue loss under the bill.

Ohio Local Authorities Utilizing Traffic Law Photo-Monitoring Devices, May 2017*						
Local Authority (County)	Population**	Type of Cameras Used***	Fine Revenue Generated Annually (Estimate)	Impact Under H.B. 210		
				2016 Total Estimated Revenue	30% of Estimated Revenue	Estimated Annual Revenue Loss
City of Toledo (Lucas)	279,789	R/S	\$2,304,319	\$253,809,072	\$76,142,722	None
City of Akron (Summit)	197,542	S	Not available (school zones only)	\$583,171,810	\$174,951,543	None
City of Dayton (Montgomery)	140,599	R/S	Not available (ordinance effective June 2017)	\$305,423,000	\$91,626,900	None
City of Parma (Cuyahoga)	79,937	S	\$750,000-\$1,500,000	\$47,400,000 (2015)	\$14,220,000	None
City of Youngstown (Mahoning)	64,628	S	\$1.17 million-\$1.75 million	\$180,000,000	\$54,000,000	None
City of Hamilton (Butler)	62,407	S	\$100,000	\$453,760,532	\$136,128,160	None
City of Trotwood (Montgomery)	24,096	S	\$424,320	\$21,239,619	\$6,371,886	None
Liberty Township (Trumbull)	21,579	S	\$203,400	\$25,103,534	\$7,531,060	None
<b>City of East Cleveland (Cuyahoga)</b>	<b>17,344</b>	<b>R/S</b>	<b>Not available</b>	<b>Not available</b>	<b>Not available</b>	<b>Uncertain</b>
Hubbard Township (Trumbull)	13,118	S	Program suspended	Not available	Not available	None
<b>City of Girard (Trumbull)</b>	<b>9,599</b>	<b>S</b>	<b>Not available</b>	<b>Not available</b>	<b>Not available</b>	<b>Uncertain</b>
<b>Village of New Miami (Butler)</b>	<b>2,316</b>	<b>S</b>	<b>Not available</b>	<b>Not available</b>	<b>Not available</b>	<b>Uncertain</b>
<b>Village of Newburgh Heights (Cuyahoga)<sup>1</sup></b>	<b>2,096</b>	<b>S</b>	<b>\$1,080,000</b>	<b>\$3,000,000</b>	<b>\$900,000</b>	<b>\$180,000</b>
<b>Village of Rutland (Meigs)</b>	<b>381</b>	<b>S</b>	<b>Not available</b>	<b>Not available</b>	<b>Not available</b>	<b>Uncertain</b>
<b>Village of Linndale (Cuyahoga)<sup>1</sup></b>	<b>176</b>	<b>S</b>	<b>\$780,000</b>	<b>\$1,000,000</b>	<b>\$300,000</b>	<b>\$480,000</b>
<b>Village of Brice (Franklin)<sup>1</sup></b>	<b>121</b>	<b>S</b>	<b>\$1.6 million-\$1.8 million</b>	<b>Not available</b>	<b>Not available</b>	<b>Potentially significant</b>

\*Source: Insurance Institute of Highway Safety

\*\*Reflects the United States Census Bureau estimate for July 1, 2015

\*\*\*R = red light camera; S = speed camera

<sup>1</sup>The dollar amounts in the columns labeled: (1) "Fine Revenue Generated Annually (Estimate)," (2) "30% of Estimated Revenue," and (3) "Estimated Annual Revenue Loss" reflect total fine revenue and not the division of that revenue between the local political authority and the private vendor contracted to provide the equipment and monitoring necessary to operate the devices.

## Local authorities impacted by H.B. 210

As seen in the table, there are seven local authorities (the cities of East Cleveland, and Girard, and the villages of New Miami, Newburgh Heights, Rutland, Linndale, and Brice) that will or may experience some amount of revenue loss if local authorities are limited to collecting no more than 30% of their total annual revenue using evidence obtained from traffic law photo-monitoring devices that are currently in place.

For four of these local authorities (the cities of East Cleveland and Girard, and the villages of New Miami and Rutland), the magnitude of any potential revenue loss is uncertain, as the local authority's total revenue and/or the amount of revenue generated from tickets issued by traffic law photo-monitoring devices annually is either unknown due to the fact that the program is not yet effective or not readily available. Whether any of these local authorities will experience a loss under the bill is uncertain, as is the magnitude of any loss. However, there is a possibility that such revenue loss, if experienced, could be significant in the context of the local authority's overall budget.

The other three local authorities (the villages of Brice, Linndale, and Newburgh Heights) will likely experience a revenue loss, as the estimated revenue that each generates annually from speed camera tickets exceeds 30% of its annual revenue. The bill's impact on each of these three local authorities is described in further detail below.

Presumably, in order to adjust to this revenue loss, these local authorities will likely have to reduce expenditures, utilize alternative revenue streams, or implement some mix of both expenditure reductions and revenue replacement.

### **Villages of Brice and Linndale**

While data generally is not readily available regarding the number of speed camera tickets issued or the amount of fine revenue generated by local authorities, estimates from various newspapers indicate that the village of Linndale issues around 150 tickets per week, or 7,800 per year (150 x 52 weeks), and that the village of Brice issues roughly 35-40 tickets per day (12,775 to 14,600 per year). The fine imposed for a speed camera violation varies somewhat by local authority, with a violation in the village of Linndale costing a minimum of \$100 and a violation in the village of Brice costing a minimum of \$125. At these rates, the villages of Linndale and Brice are generating up to \$780,000 (7,800 x \$100) and \$1.6 million (12,775 x \$125) to \$1.8 million (14,600 x \$125) or more, respectively, per year.

Local authorities generally enter into a contract with a private company to provide the equipment and monitoring necessary to operate the devices. As part of that contract, the local authority generally agrees to give a percentage of the revenue generated using those devices to the private company. While the percentage of revenue given to a private company may vary based on the company and the agreement, the village of Linndale retains 60% of the total fine revenue generated and the village of Brice retains 50%. Using the previously determined revenue estimates for the villages of Linndale and Brice, the amount of annual revenue that each village retains from the issuance of tickets using speed cameras would be up to \$468,000 and \$800,000 to \$900,000 or more, respectively.

The village of Linndale had an estimated budget of around \$1.0 million in 2016. Had the bill been in effect in 2016, the village would have been limited to collecting up to \$300,000 ( $\$1,000,000 \times 0.3$ ) in revenue from speed camera tickets. At the village's 60% retention rate, the amount of revenue retained for speed camera violations would have

decreased to \$180,000 ( $\$300,000 \times 0.6$ ). As such, the village of Linndale would have lost around \$288,000 ( $\$468,000 - \$180,000$ ) in fine revenue had the bill been in effect in 2016.

While the annual revenue for the village of Brice is not readily available, various media reports suggest that the estimated \$1.6 million to \$1.8 million that the village collects in fine revenue from speed camera violations annually notably exceeds the bill's limit of 30% of the village's revenue. As such, the bill will likely have a significant impact on the village of Brice.

### **Village of Newburgh Heights**

The village of Newburgh Heights issues an estimated 600 tickets per month, or 7,200 ( $600 \times 12$ ) tickets per year, with the fine imposed starting at \$150. At that rate, the village of Newburgh Heights is generating around \$1,080,000 ( $7,200 \times \$150$ ) in fine revenue annually from speed camera tickets. Presumably, as with the villages of Brice and Linndale, a portion of that revenue goes to the private company that provides the equipment and monitoring necessary to operate the devices, however, those details were not readily available. If the percentage retained by the village is similar to that of the villages of Brice and Linndale, the village of Newburgh Heights would be retaining an estimated \$540,000 ( $\$1,080,000 \times 0.5$ ) to \$648,000 ( $\$1,080,000 \times 0.6$ ) annually. The village of Newburgh Heights had an estimated budget of around \$3.0 million in 2016.

Under the bill, the village of Newburgh Heights would have been permitted to collect up to \$900,000 ( $\$3,000,000 \times 0.3$ ) in revenue from speed camera tickets in 2016. Assuming that the village retained somewhere between 50%-60%, the amount retained would decrease to between \$450,000 and \$540,000. As such, the village of Newburgh Heights would have lost up to \$90,000 to \$108,000 or more had the bill been in effect in 2016.