

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ♦ Phone: (614) 466-3615
♦ Internet Web Site: <http://www.lsc.state.oh.us/>

BILL: **Am. Sub. S.B. 129**

DATE: **December 18, 2008**

STATUS: **As Passed by the House**

SPONSOR: **Sen. Schuler**

LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**

CONTENTS: **To authorize designated persons to remove motor vehicles from roadways after accidents, extend the current wireless 9-1-1 service charges, temporarily authorize the creation of JEDD districts, and make other changes**

State Fiscal Highlights

STATE FUND		FY 2009 – FUTURE YEARS	
State Bureau of Motor Vehicles Fund (Fund 4W40)			
Revenues	Potential annual gain of up to \$10,000 or more, magnitude dependent on license plate sales		
Expenditures	Minimal annual effect		
License Plate Contribution Fund (Fund 5V10)			
Revenues	Potential annual gain of up to \$15,000 or more, magnitude dependent on license plate sales		
Expenditures	Potential annual increase, commensurate with revenue gain		
Wireless 9-1-1 Administrative Fund			
Revenues	Gain of approximately \$12.74 million during FY 2009	Gain of approximately \$25.49 million during FY 2010	Gain of approximately \$25.49 million during FY 2011 and FY 2012, and approximately \$12.74 million in FY 2013
Expenditures	Increase of approximately \$12.74 million during FY 2009	Increase of approximately \$25.49 million during FY 2010	Increase of approximately \$25.49 million during FY 2011 and FY 2012, and approximately \$12.74 million in FY 2013
Wireless 9-1-1 Government Assistance Fund			
Revenues	Gain of approximately \$12.49 million during FY 2009	Gain of approximately \$24.98 million during FY 2010	Gain of approximately \$24.98 million during FY 2011 and FY 2012, and approximately \$12.49 million in FY 2013
Expenditures	Increase of approximately \$12.49 million during FY 2009	Increase of approximately \$24.98 million during FY 2010	Increase of approximately \$24.98 million during FY 2011 and FY 2012, and approximately \$12.49 million in FY 2013

- **State Bureau of Motor Vehicles Fund (Fund 4W40).** The bill requires the state's Registrar of Motor Vehicles to collect an additional fee of \$10 to compensate the Bureau of Motor Vehicles (BMV) for the



additional services required in the issuing of "Ohio C.O.P.S." special license plates, and to deposit the fee in the state treasury to the credit of the existing State Bureau of Motor Vehicles Fund (Fund 4W40). LSC fiscal staff is unable to estimate the demand and production costs for these special license plates. This means that the potential magnitude of the gain in Fund 4W40 license plate revenues annually and any related increase in operating expenses is uncertain. These uncertainties aside, one can estimate the license plate registration revenues simply based on the minimum annual sales threshold that would apply for the purposes of issuing new "Ohio C.O.P.S." special license plates, the applicable threshold of which in this case is 1,000. Annual sales of 1,000 such plates would generate \$10,000 per year for deposit in the State Bureau of Motor Vehicles Fund (\$10 fee x 1,000 plates sold).

- **License Plate Contribution Fund (Fund 5V10).** The bill requires the Registrar to collect a related contribution in the amount of \$15, and to deposit the contribution in the state treasury to the credit of the existing License Plate Contribution Fund (Fund 5V10) for payment to the Ohio Concerns of Police Survivors. As LSC fiscal staff is unable to estimate the demand for these special license plates, the amount of money that would be collected and paid annually to the Ohio Concerns of Police Survivors is uncertain. From LSC fiscal staff's perspective, identifying and quantifying the market for "Ohio C.O.P.S." special license plates is rather problematic. We cannot comfortably forecast demand for this special license plate, nor how its annual sales might compare with those of prior or current special license plates. This means that the magnitude of the fund's annual revenues and expenditures are uncertain. These predictive caveats aside, one can estimate the license plate registration revenues simply based on the minimum annual sales threshold that would apply for the purposes of issuing new "Ohio C.O.P.S." special license plates, the applicable threshold of which in this case is 1,000. Annual sales of 1,000 such plates would generate \$15,000 per year for deposit in the License Plate Contribution Fund (\$15 contribution x 1,000 plates sold).
- **Wireless 9-1-1 Charges.** The bill extends until December 31, 2012 the Wireless 9-1-1 charge that is set to expire on December 31, 2008, and lowers the amount of the charge from 32 cents per month to 28 cents per month. The Wireless 9-1-1 Administrative Fund in the budget of the Public Utilities Commission receives 2% of the revenues. All remaining revenues are deposited into the Wireless 9-1-1 Government Assistance Fund, which is a fund in the custody of the Treasurer of State. Historically all funds received from wireless service providers, who collect the fees, are deposited into the Wireless 9-1-1 Administrative Fund, and transferred from there to the Wireless 9-1-1 Government Assistance Fund.

Local Fiscal Highlights

LOCAL GOVERNMENT		FY 2009 – FUTURE YEARS
Counties, Municipalities, and Townships		
Revenues	Potential minimal annual effect from redistributed Public Safety revenues	
Expenditures	Potential minimal increase	
Counties (Wireless 9-1-1 Government Assistance Fund)		
Revenues	Gain of approximately \$24.98 million until 12/31/12	
Expenditures	Increase of approximately \$24.98 million until 12/31/12	
Municipal Corporations and Townships		
Revenues	Potential gain for JEDD districts	
Expenditures	Potential decrease in cost of providing services in JEDD districts	

- **Redistributed Public Safety revenues.** Whenever the state's BMV Fund 4W40 cash flow changes, local governments may also be affected in some manner. As BMV's expenses or revenue sources increase or

decrease, moneys available for redistribution to local governments may increase or decrease. However, the manner in which the bill may affect that cash flow dynamic, if at all, is uncertain. That said, LSC fiscal staff has not gathered any information suggesting that the potential magnitude of the annual fiscal effect on any local government would be more than minimal, if that. In this context, "minimal" means an estimated annual revenue gain or loss of: (1) no more than \$5,000 for any affected county, city, or township with a population of 5,000 or more, and (2) no more than \$1,000 for any affected village or township with a population of less than 5,000.

- **County Wireless 9-1-1- Assistance Fund.** The Wireless 9-1-1 Government Assistance Fund will receive most of the revenue generated by the \$0.28 Wireless 9-1-1 charge extended by the bill until December 31, 2012. A county's share of the fund will be in the same proportion as the number of wireless subscribers with billing addresses in that county relative to the number of subscribers statewide, with a minimum share of \$90,000.
- **Joint Economic Development Districts (JEDDs).** The bill temporarily permits municipal corporations and townships that were previously prohibited from creating a Joint Economic Development District (JEDD) to do so. The newly created JEDDs would share in the delivery of services as well as the tax base for this area.

Detailed Fiscal Analysis

Ohio C.O.P.S. special license plates

The bill's fiscal effect on the state, in particular the Department of Public Safety's Bureau of Motor Vehicles and its Fund 4W40, as well as the License Plate Contribution Fund (Fund 5V10), will be dependent on the number of "Ohio C.O.P.S." special license plates actually issued. As discussed below, from LSC fiscal staff's perspective, identifying and making meaningful quantitative estimates as to the market for "Ohio C.O.P.S." special license plates is rather problematic. This means that the potential magnitude of the gain in BMV's Fund 4W40 license plate revenues annually and any related increase in operating expenses, as well as the amount of moneys that would be distributed annually to the Ohio Concerns of Police Survivors, is difficult to reliably predict and may be subject to significant variation over the years.

Whenever the BMV Fund 4W40 cash flow changes, local governments may also be affected in some manner. Most collected local and state motor vehicle license taxes are deposited into a holding account within the Department of Public Safety. Monthly, an assessment of Fund 4W40 occurs and cash is transferred from the holding account to Fund 4W40 in order to cover BMV's monthly operating expenses. Any remaining funds in the holding account are then forwarded 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, moneys available for redistribution to local governments may increase or decrease.

However, the manner in which the bill may affect that cash flow dynamic, if at all, is uncertain. That said, LSC fiscal staff has not gathered any information suggesting that the potential magnitude of the annual fiscal effect on any local government would be more than minimal, if that. In this context, "minimal" means an estimated annual revenue gain or loss of: (1) no more than \$5,000 for any affected county, city, or township with a population of 5,000 or more, and (2) no more than \$1,000 for any affected village or township with a population of less than 5,000.

Ambulance staffing requirements

The bill amends existing law relative to the qualifications of the individuals who must or may staff an ambulance under certain circumstances and prohibits an emergency medical service organization from permitting an individual who is younger than 18 years of age to drive an ambulance. It does not appear these changes to ambulance staffing requirements will produce any readily discernible fiscal effects for state or local governmental entities; in particular, there should be no need to increase the amount of money that might otherwise have been expended on the provision of emergency medical services under current law and practice.

Wireless 9-1-1 charges

The bill extends until December 31, 2012 a fee paid by wireless service subscribers that would expire on December 31, 2008 under current law. The bill also reduces the fee amount

from 32 cents per month to 28 cents per month. Revenue from the fee is generally distributed to counties to provide support for their providing emergency 9-1-1 service. The fees are collected by wireless service providers, who retain 2% of the total collected to defray their administrative costs, and submitted to the Public Utilities Commission of Ohio (PUCO) which administers the distribution of the revenue to counties, and which retains 2% of the total received from wireless service providers to cover administrative costs.

The existing 32 cent per month charge raised \$29.13 million in FY 2008, and the fee would expire on December 31, 2008. Lowering the fee amount to 28 cents per month would reduce the amount received annually to approximately \$25.49 million, of which approximately \$509,700 would be retained by PUCO to cover administrative costs and the remainder would be distributed to counties that provide emergency 9-1-1 service for wireless service subscribers. For FY 2009, the bill would increase revenue to the Wireless 9-1-1 Administrative Fund by approximately half of the total amount, or \$12.74 million. Of this, the PUCO would retain about \$254,900, and the rest would be distributed to counties by way of the Wireless 9-1-1 Government Assistance Fund. In FYs 2010 through 2012, the Wireless 9-1-1 Administrative Fund would receive approximately the \$509,700 amount derived above, while the Wireless 9-1-1 Government Assistance Fund would receive the remainder of the approximately \$25.49 million collected. In FY 2013 the fee would expire under the bill, reducing revenue collected again to a total of approximately \$12.74 million.

The Wireless 9-1-1 Government Assistance Fund is in the custody of the Treasurer of State, but is not in the state treasury. This means that disbursements from the Wireless 9-1-1 Government Assistance Fund are not subject to appropriation by the General Assembly. Historically, the full amount collected has been deposited into the Wireless 9-1-1 Administrative Fund and an appropriation for the counties' share has been made from that fund. The bill does not increase the existing appropriation to accommodate the increase in revenue from the extension of the fee. The amount of the FY 2009 appropriation is currently \$13,375,000, which means that further action by the General Assembly would be needed for counties to receive revenue in excess of that amount during FY 2009.

Temporary authority to create Joint Economic Development Districts

The bill temporarily removes the limitation that only four types of municipal corporations and townships may create a Joint Economic Development District (JEDD). Under the bill, townships and municipal corporations are given from the effective date of the bill until June 30, 2009 to enter into a JEDD contract. Under current law, only municipal corporations and townships within a charter county, or municipal corporations and townships creating a JEDD comprised entirely of real property owned by a municipal corporation are permitted to create a JEDD. The bill would expand this ability to all townships and municipal corporations. Political subdivisions that create JEDDs will likely share in the delivery of services as well as the tax base of that area. Such an arrangement could potentially decrease the costs of providing those services as currently provided to that area. Sharing the tax base of that area could also increase revenues for the political subdivisions participating in the JEDD.

Removal of motor vehicles from roadways

The bill permits local law enforcement officers, State Highway Patrol troopers, fire department chiefs, and any private tow truck operator or towing company authorized by these public safety officials or the Ohio Department of Transportation to remove motor vehicles and materials from the roadway after a vehicle accident without prior consent of the vehicle owner. The bill also generally provides immunity from civil damages to these persons when removing these items. Although the bill appears to have no direct fiscal effect on the state or its political subdivisions, one possible outcome would be to reduce the amount of time that law enforcement and fire department personnel spend at accident sites. Another potential outcome would be to reduce the amount of time that roadways are blocked because of accidents.

LSC fiscal staff: Terry Steele, Budget Analyst

SB0129HP.doc/th