



# OHIO LEGISLATIVE SERVICE COMMISSION

Robert Meeker

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 410 of the 132nd G.A.

**Status:** As Reported by House Government Accountability and Oversight

**Sponsor:** Reps. Seitz and Butler

**Local Impact Statement Procedure Required:** Yes

**Subject:** Court jurisdiction over civil traffic law violations

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### State Fiscal Highlights

- Local Government Fund (LGF) payments withheld from a noncomplying political subdivision are to be credited to a new fund, the Ohio Highway and Transportation Safety Fund, which the bill creates in the state treasury. The amount of revenue credited to the new fund would depend on the amount of LGF payments withheld from noncomplying subdivisions.
- The bill specifies that moneys credited to the Ohio Highway and Transportation Safety Fund must be used by the Department of Transportation to enhance public safety on public roads and highways.

### Local Fiscal Highlights

- The bill will increase the number of traffic-related civil violations processed each year by certain municipal and county courts. The cost to process those violations is uncertain, but may be offset to some degree by the collection of local court costs and fees.
- The bill will increase both court revenues and local authority expenditures by requiring filing fees and court costs to be paid as an advance deposit by the local authority to the relevant municipal or county court.
- The bill would reduce LGF distributions to certain political subdivisions based on their reported fine collections from using traffic cameras. This may result in loss of LGF distributions for certain political subdivisions. Any revenue loss would depend on the amount of fine collections from using traffic cameras of each noncomplying political subdivision.

### Detailed Fiscal Analysis

The bill: (1) grants municipal and county courts original and exclusive jurisdiction over every civil action concerning a traffic law violation within the court's territory, including those civil actions involving a traffic law photo-monitoring device, (2) requires all civil traffic law violations involving a photo-monitoring device to be

handled by the municipal or county court with jurisdiction, (3) requires a local authority bringing a civil action concerning a traffic law violation involving a photo-monitoring device to make an advance deposit of all filing fees and court costs to the court with jurisdiction, (4) requires local authorities that operate photo-monitoring devices to report information on traffic fines to the Tax Commissioner on an annual basis, and (5) reduces Local Government Fund (LGF) payments to all local authorities that collect fines from operating traffic cameras.

### 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 as indicated in Table 1.

<b>Table 1. Ohio Political Subdivisions Utilizing Traffic Law Photo-Monitoring Devices, January 2018*</b>			
<b>Political Subdivision (County)</b>	<b>Type of Cameras Used**</b>	<b>Court with Jurisdiction Under Current Law<sup>1</sup></b>	<b>Court with Jurisdiction Under H.B. 410</b>
City of Akron (Summit)	S	Akron Municipal Court	Akron Municipal Court
City of Dayton (Montgomery)	R/S	Dayton Municipal Court	Dayton Municipal Court
City of East Cleveland (Cuyahoga)	R/S	East Cleveland Municipal Court	East Cleveland Municipal Court
City of Girard (Trumbull)	S	Girard Municipal Court	Girard Municipal Court
City of Hamilton (Butler)	S	Hamilton Municipal Court	Hamilton Municipal Court
City of Parma (Cuyahoga)	S	Parma Municipal Court	Parma Municipal Court
City of Toledo (Lucas)	R/S	Toledo Municipal Court	Toledo Municipal Court
City of Trotwood (Montgomery)	S	Montgomery County Municipal Court	Montgomery County Municipal Court
City of Youngstown (Mahoning)	S	Youngstown Municipal Court	Youngstown Municipal Court
Hubbard Township (Trumbull)	S	Girard Municipal Court	Girard Municipal Court
Liberty Township (Trumbull)	S	Girard Municipal Court	Girard Municipal Court
Village of Brice (Franklin)	S	Civil Administrative Hearing Process	Franklin County Municipal Court
Village of Linndale (Cuyahoga)	S	Parma Municipal Court	Parma Municipal Court
Village of New Miami (Butler)	S	Hamilton Municipal Court	Hamilton Municipal Court
Village of Newburgh Heights (Cuyahoga)	S	Newburgh Heights Mayor's Court	Garfield Heights Municipal Court
Village of Rutland (Meigs)	S	Rutland Mayor's Court	Meigs County County Court

\*Source: Insurance Institute of Highway Safety

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

<sup>1</sup>In *Walker v. City of Toledo*, the Ohio Supreme Court ruled that a municipal corporation may use a civil administrative hearing process for traffic law violations involving a photo-monitoring device. With the exception of Brice, use of such a process is not reflected in this table.

## **Jurisdictional authority**

As seen in Table 1 above, there are 16 local authorities operating photo-monitoring devices. In 13 of those political subdivisions, a municipal or county court exercises jurisdiction over civil traffic law violations under current law. These subdivisions will see no change in court jurisdiction under the bill, although the caseload may still increase for the court with jurisdiction if the subdivision utilizes an administrative hearing process. Two political subdivisions operate mayor's courts which exercise jurisdiction over civil traffic violations: the villages of Newburgh Heights and Rutland. The village of Brice operates only a civil administrative hearing process as it does not have the authority to operate a mayor's court.

Under the bill, jurisdiction over civil traffic violations will transfer from the Newburgh Heights Mayor's Court to the Garfield Heights Municipal Court and from the Rutland Mayor's Court to the Meigs County County Court. In 2016, the mayor's courts in Newburgh Heights and Rutland had 1,700 and 233 new traffic case filings respectively.<sup>1</sup>

The bill also eliminates the administrative hearing process for a civil traffic law violation involving a photo-monitoring device and requires, as above, that any such violation is the exclusive jurisdiction of the appropriate municipal or county court. Under current law, a municipal corporation may establish administrative hearings for civil traffic law violations which must be exhausted before judicial remedies can be pursued in the court with jurisdiction. Municipal corporations may employ an administrative hearing process for violations based on evidence from a photo-monitoring device even when a municipal or county court may have jurisdiction over such a violation.

As a result of these changes, the number of traffic-related violations processed each year by certain municipal and county courts would increase by an uncertain magnitude. The cost to adjudicate those violations may be offset to some degree by the collection of local court costs and fees from political subdivisions. The net fiscal effect is uncertain.

## **Court costs and filing fees**

The bill requires a local authority to file a certified copy of a ticket charging a registered vehicle owner with a civil traffic law violation based on a recording from a traffic camera with the municipal or county court that has jurisdiction over the civil action, and to provide an advance deposit of all applicable court costs and fees for the civil action. The court retains the deposit, regardless of which party prevails in the civil action. The court is not permitted to charge a registered owner or the driver who committed the violation any court costs or fees. These provisions will result in an increase in expenses for any political subdivision utilizing a photo-monitoring device

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<sup>1</sup> New traffic case filings encompass all traffic case filings, including those filed based on evidence from a photo-monitoring device.

and an increase in revenue for the court which receives the advance deposit of filing fees and court costs.

### **Traffic camera reports and penalties**

The bill modifies reporting requirements for local authorities operating traffic cameras. The bill requires each political subdivision that operated a traffic law photo-monitoring device during the preceding fiscal year to file a report with the Tax Commissioner on or before July 31 of each year. The report must include a detailed statement of the civil fines that the local authority has collected from drivers for any violation of any local ordinance or resolution during that period that is based upon evidence recorded by a traffic law photo-monitoring device.

The bill would penalize political subdivisions that do not comply with the law governing the use of traffic cameras by reducing their LGF distributions. The Tax Commissioner is directed to reduce monthly distributions to the LGF by one-twelfth of the amount of each jurisdiction's reported fine collections from using traffic cameras; if total fine collections by a jurisdiction exceed its receipts from the LGF, the Tax Commissioner is to reduce monthly LGF distributions during the following year by one-twelfth of the excess. The bill also specifies actions that must be taken by the Tax Commissioner and applicable county auditors and county treasurers related to LGF payment withholding requirements.

The bill specifies that LGF payments that are withheld from a noncomplying political subdivision are to be distributed into a new fund, the Ohio Highway and Transportation Safety Fund, which the bill creates in the state treasury. The bill specifies that moneys credited to the fund must be used by the Department of Transportation to enhance public safety on public roads and highways.

### **LGF penalty fiscal effect**

The bill may result in loss of LGF distributions for certain political subdivisions. The amount of any revenue loss would depend on the amount of fine collections from using traffic cameras of each noncomplying political subdivision. The bill specifies that LGF payments withheld from a noncomplying subdivision are to be credited to the Ohio Highway and Transportation Safety Fund. Any revenue credited to the fund would depend on the amount of LGF payments withheld from noncomplying subdivisions.

Table 2 below shows estimated total LGF distributions to selected political subdivisions in FY 2017 through FY 2019. Estimated total LGF distributions in FY 2017 include estimated County Undivided Local Government Funds (CULGF) distributions and LGF direct distributions while estimated total LGF distributions in FY 2018 and FY 2019 only include estimated CULGF distributions. H.B. 49 of the 132nd General Assembly redirects all LGF moneys that would otherwise be paid directly to municipalities that levied an income tax in the preceding year during the FY 2018-FY 2019 biennium to a newly created fund, the Targeting Addiction Assistance Fund

(Fund 5TZ0). Thus, all municipalities that historically received direct LGF payments from the state would not receive them during the FY 2018-FY 2019 biennium. The estimated distributions are calculated using the percentage of the county's CULGF distributions, by political subdivision class, in calendar year 2015, the most recent year for which data on CULGF distributions by political subdivision class are published on the Department of Taxation website.

<b>Table 2. Estimated LGF Distributions and Photo-Monitoring Device Fine Revenue for Selected Political Subdivisions</b>				
<b>Political Subdivision (County)</b>	<b>LGF Distribution FY 2017</b>	<b>LGF Distribution FY 2018</b>	<b>LGF Distribution FY 2019</b>	<b>Fine Revenue Generated Annually (Estimate, May 2017)</b>
City of Akron (Summit)	\$6,330,338	\$6,128,466	\$6,337,784	Not available (school zones only)
City of Dayton (Montgomery)	\$6,442,409	\$6,187,457	\$6,398,790	Not available (ordinance effective June 2017)
City of East Cleveland (Cuyahoga)	\$1,761,726	\$1,752,315	\$1,812,165	Not available
City of Girard (Trumbull)	\$114,675	\$106,466	\$110,102	Not available
City of Hamilton (Butler)	\$987,070	\$939,638	\$971,731	\$100,000
City of Parma (Cuyahoga)	\$1,788,355	\$1,741,704	\$1,801,192	\$750,000-\$1.5 million
City of Toledo (Lucas)	\$7,744,895	\$7,392,560	\$7,645,054	\$2,304,319
City of Trotwood (Montgomery)	\$269,787	\$258,386	\$267,211	\$424,320
City of Youngstown (Mahoning)	\$1,487,360	\$1,410,078	\$1,458,239	\$1.17 million-\$1.75 million
Hubbard Township (Trumbull)	\$67,247	\$67,542	\$69,550	Program suspended
Liberty Township (Trumbull)	\$134,172	\$134,791	\$139,009	\$203,400
Village of Brice (Franklin)	\$9,814	\$9,774	\$9,969	\$1.6 million-\$1.8 million
Village of Linndale (Cuyahoga)	\$5,549	\$5,255	\$5,319	\$780,000
Village of New Miami (Butler)	\$50,709	\$50,624	\$52,353	Not available
Village of Newburgh Heights (Cuyahoga)	\$60,682	\$59,240	\$61,263	\$1,080,000
Village of Rutland (Meigs)	\$17,317	\$17,324	\$17,324	Not available

In seven of the 16 political subdivisions which will or may experience some amount of revenue loss if LGF payments are reduced (unshaded in Table 2 above), 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 nine local authorities for whom estimates are available (shaded in Table 2 above) will likely experience a revenue loss ranging from an estimated minimum of \$5,300 per year in the village of Linndale, to just over \$2.3 million for the city of Toledo. In six of the political subdivisions, LGF distributions will be reduced by the full amount of the annual distribution or more: the cities of Trotwood and Youngstown, Liberty Township, and the villages of Brice, Linndale, and Newburgh Heights.

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.