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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 416  
135<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 416's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Patton

**Local Impact Statement Procedure Required:** No

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### Highlights

#### Traffic Camera Dealer Law

- The Division of Industrial Compliance within the Department of Commerce (COM) is required to oversee applications and licensure under the Traffic Camera Dealer's License Program created by the bill. A license fee of \$100,000 applies. Receipts would be deposited into the new Traffic Camera Dealer License Fund. It is uncertain how many entities would apply for licensure under the bill.
- The Public Safety – Highway Purposes Fund (Fund 5TM0) used by the Department of Public Safety (DPS) will gain \$5,000 for each licensed traffic camera calibration test it performs (at least monthly). That fee will presumably at least partially offset the costs incurred by DPS to perform those tests.
- The magnitude of fine revenue generated annually from violations of the Traffic Camera Dealer Law will vary by jurisdiction and depend on the number of violations. Under current law's general distribution rules, organizational fines would be paid to the treasury of the county or municipality in which the court is located.

#### Tax on traffic camera dealer gross receipts.

- Levying a new tax, at a rate of 8%, on gross receipts received by traffic camera dealers from the sale of traffic cameras in the state would increase tax receipts by an undetermined amount. Under the bill, all receipts from the new tax must be used to fund post-traumatic stress disorder (PTSD) services for public safety officers.

## Detailed Analysis

### Traffic Camera Dealer Law

The bill establishes a new business license called the Traffic Camera Dealer's License. Any person that engages in the business of selling, renting, providing, installing, or otherwise managing a traffic law photo-monitoring device would be required to obtain this license, which requires annual renewal. Political subdivisions would be exempt from this licensing requirement. The bill makes the Division of Industrial Compliance within the Department of Commerce (COM) responsible for overseeing licensing applications and general licensure under the bill.

#### Fiscal effect

The bill establishes an annual license fee of \$100,000 for a Traffic Camera Dealer's License. The fee is to be deposited into the Traffic Camera Dealer License Fund created under the bill. The receipts would be used by COM to administer the licensing program. In addition to the annual license fee, licensees would be required to give the Division of Industrial Compliance (and the Department of Public Safety (DPS)) a certificate of proper operation that attests to the accuracy of its devices in recording traffic law violations. It is unclear how many dealers would apply for licensure under the bill. However, we know that there are 14 political subdivisions that operate traffic cameras, and that there are at least five vendors providing traffic camera services to these political subdivisions. Consequently, any additional costs the Division of Industrial Compliance incurs for overseeing the program is likely to be fairly small.

### Traffic camera calibration

The bill requires DPS to test the calibration of each licensed traffic camera at least once per month and requires a licensee to pay a \$5,000 fee for each calibration test performed. The calibration fees are required to be credited to the existing Public Safety – Highway Purposes Fund (Fund 5TMO) and used to pay the costs of calibrating the devices and for costs incurred by the Ohio State Highway Patrol in enforcing state traffic laws.

#### Fiscal effect

DPS does not currently operate any traffic cameras nor does it currently have any employees with expertise in calibrating such devices. As a result, it is likely that DPS will need to hire at least one additional person dedicated to fulfilling the bill's calibration requirements. The magnitude of costs incurred annually will depend on the number of licensed traffic cameras statewide, the cost to calibrate each device, and the number of additional employees that may be needed. The bill's \$5,000 fee to calibrate each device every month may partially offset these costs.

### Violations of the Traffic Camera Dealer Law

A violation of the bill's Traffic Camera Dealer Law is a first degree misdemeanor and the offender is required to pay a \$1,000 fine, with each day that the violation occurs constituting a separate offense. Presumably this would be treated as an organizational fine, so it is unlikely that a potential jail term would apply. The magnitude of fine revenue generated annually will depend on the number of violations and successful prosecutions. Under current law's general distribution rules, organizational fines would be paid to the treasury of the county or municipality in which the court is located. Misdemeanor violations would be adjudicated in either a municipal court or

county court. The number of new cases filed annually is expected to be minimal compared to the overall caseload for any given court.

## **Tax on traffic camera dealer gross receipts**

The bill imposes a new tax on the gross receipts<sup>1</sup> received by a traffic camera dealer<sup>2</sup> from the sale of traffic cameras in the state at a rate of 8%. The bill dedicates the revenue from the new tax to DPS to pay for post-traumatic stress disorder services for public service officers, including police officers, firefighters, and other first responders.<sup>3</sup>

The bill requires a traffic camera dealer, within 30 days after first receiving gross receipts, to register with the Tax Commissioner, including submitting certain information. If a traffic camera dealer that is required to register with the Commissioner does not do so within the 30-day period, an additional fee is imposed in the amount of \$100 per month or part thereof that the fee is outstanding, not to exceed \$1,000. The bill allows the Commissioner to abate the additional fee for good cause. The bill also allows the Commissioner to assess the fee in the same manner as the new tax. The bill requires all proceeds from the fees imposed for failing to register with the Tax Commissioner to be credited to the newly created fund, the Traffic Camera Receipts Fund. The bill also requires a registered camera dealer to notify the Commissioner if a license issued to the dealer is expired or revoked.

The bill requires every taxpayer, not later than the tenth day of the second month after the end of each calendar quarter, to file with the Commissioner a return for the preceding calendar quarter showing any information the Commissioner finds necessary for the proper administration of the new tax, together with remittance of the tax due. The bill also specifies penalties on any taxpayer that fails to file a return or pay the full amount of the tax due within the tax filing date, any additional tax is found to be due, and any delinquent payments made after a taxpayer is notified of an audit or a tax discrepancy by the Commissioner. The bill specifies that if an assessment is issued in connection with such delinquent payments, the payments must be credited to the assessment.

### **Fiscal effect**

The new tax on gross receipts received by traffic camera dealers from the sale of traffic cameras in the state would increase annual tax receipts by an indeterminate amount. Under the bill, all revenues from the new tax must be used to fund post-traumatic stress disorder services for public safety officers. Additionally, the bill's requirements, including administration of the new gross receipts tax may minimally increase the Department of Taxation's administrative costs. The bill has no direct fiscal effects to local governments.

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<sup>1</sup> Under the bill, "gross receipts" means the total amount received by a traffic camera dealer, without deduction for the cost of goods sold, taxes paid, or other expenses incurred, from the sale or other disposition of traffic law photo-monitoring devices, provided such sales are situated to the state.

<sup>2</sup> The bill defines a "traffic camera dealer" as a person licensed to sell, rent, provide, install, repair, or otherwise manage traffic law photo-monitoring devices under Chapter 4787 of the Revised Code.

<sup>3</sup> The State Post-Traumatic Stress Fund was originally created in H.B. 308 of the 133<sup>rd</sup> General Assembly. The enacted bill also specified the purposes of moneys in the fund. The fund has not received any appropriations.