# Assessment of IRP Truck Licensing for Ohio Counties 

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## State Job Number 134988

Prepared in cooperation with the Ohio Department of Transportation and the U.S. Department of Transportation, Federal Highway Administration.

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| 1. Report No. <br> FHWA/OH-2015/26 | 2. Government Accession No. | 3. Recipient's Catalog No. |
| :--- | :--- | :--- |
| 4. Title and Subtitle | 5. Report Date (Month and Year) <br> August 2015 |  |
| Assessment of IRP Truck Licensing for Ohio Counties | 6. Performing Organization Code |  |
| 7. Author(s) | 8. Performing Organization Report No. |  |
| Andrew Martin, Bryan Gibson, Mark Bell, and Jennifer Walton | 10. Work Unit No. (TRAIS) |  |
| 9. Performing Organization Name and Address | 11. Contract or Grant No. |  |
| Kentucky Transportation Center <br> College of Engineering <br> University of Kentucky <br> Lexington, Kentucky 40506-0281 | SJN 134988 |  |
| 12. Sponsoring Agency Name and Address <br> Ohio Department of Transportation <br> Research Section <br> 1980 West Broad St., MS 3280 <br> Columbus, OH 43223 | Final Report |  |


| 17. Key Words |  |  | 18. Distribution Statement |
| :---: | :---: | :---: | :---: |
| IRP revenue, commercial trucks, tax distribution, counties, jurisdiction, truck licensing |  |  | No restrictions. This document is available to the public through the National Technical Information Service, Springfield, Virginia 22161 |
| 19. Security Classif. (of this report) Unclassified | 20. Security Classif. (of this page) | 21. No. of Pages | 22. Price \$38,050 |
|  | Unclassified | 141 |  |

## Acknowledgements

The research team at the Kentucky Transportation Center would like to thank all members of the Technical Advisory Committee for their assistance with this project. In particular, thanks to Ohio County Engineer represenatives Randy Partika (Mahoning County) and Jeff Linkous (Clinton County) for giving the research a general direction and identifying the conceptual problems addressed by the research project. Special thanks to Leora Knight, Stephanie Cook, and the rest of the Tax Distribution Section of the Ohio Department of Public Safety for assisting with the research and providing oversight of the tax calculations put together by the research team. Also, thanks to Tom Stiver of Xerox and Quan Boyd of the Bureau of Motor Vehicles for assisting with data collection efforts.

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## Executive Summary

## Project Background

Local government officials in Ohio perceived an imbalance between the percentage of International Registration Plan (IRP) revenue allocated to counties and taxing districts, and the amount of pavement damage caused by commercial vehicles on local roads. The problem is twofold: not only are local revenue allocations from IRP vehicle registration fees insufficient, but local roads are more susceptible to accelerated deterioration due to their pavement design, which differs from that of high-traffic state and federal roads. The allocation problem is a result of both the complex manner in which Ohio allocates its vehicle license tax and the loose requirements for declaring a base jurisdiction with IRP authorities.

IRP policy dynamics are substantially more complex than they appear at first glance. For most jurisdictions, a carrier's base jurisdiction is largely irrelevant as long as they accurately report accrued mileage, which is used to apportion fees. Provided that other jurisdictions do not offer commercial truck registration enticements that violate IRP bylaws (this phenomenon is referred to as jurisdiction shopping, although it indirectly impacts other taxes and fees), there should not be a significant effect on a jurisdiction's apportioned revenue, which it receives from other IRP members. While the state-level revenues are largely unaffected by IRP apportionment, the story is different for counties, municipalities, and townships in Ohio. Ohio's state code has two separate allocation policies for IRP revenue. One policy applies to revenue generated by in-state registrations, the other policy for revenue that comes from other jurisdictions.

Jurisdiction shopping has become more prevalent, particularly for large trucking firms. Some Ohio taxing districts with large fleets have seen sharp IRP revenue decreases, and they have struggled to maintain local roads. The fiscal crunch is felt by county engineers, who are pressured by prospective trucking or trucking-related businesses and economic development agencies to enhance roadways or upgrade traffic control systems. The key to fixing the system is to identify the manner in which the registration issues are impacting the revenue streams in Ohio counties (and the taxing districts situated therein) and what might be done to eliminate, or at least limit, revenue losses in those counties. This report will identify the problems with current IRP revenue allocation and will assess the impact on Ohio counties and taxing districts.

## Study Objectives

The study goal was to demonstrate how distributable IRP revenue works under the current model. The research assessed current registration trends, translated those registration trends into revenue trends and forecasts, calculated IRP revenue impacts due to jurisdiction shopping, and provided case studies that further demonstrated the intricacies of IRP tax distribution not addressed by the statewide estimates. Ultimately, the purpose of the study was to determine whether the revenue impact is significant enough to warrant further investigation of IRP tax distribution alternatives. This research will be used to assess how Ohio-based commercial vehicle fleets registered in other states can impact the stream of IRP revenues for Ohio counties, townships, and municipalities.

## Description of Work

Researchers gathered data about IRP truck registrations, distributable IRP revenue, and tax distribution mechanisms. Revenue is tabulated for each Ohio county and their constituent taxing districts from 2009 to 2013 (or in some cases, 2014). The researchers calculated the county-level retention of direct IRP registrations, IRP loss compensation, and the annual excess compensation fund. By using revenue trends, IRP impact was forecasted from 2015 to 2019. Using national IRP fleet data, the research team determined the number of vehicles belonging to Ohio-based carriers and registered in another IRP jurisdiction. Using a weighted vehicle weight (as specific vehicle weights were not available for these trucks), the FY 2015 impacts were calculated based on the county location of each carrier. Additional information was gathered via surveys of County Engineers and county-specific investigation. This information was used, along with the forecasts and 2015 IRP revenue impacts, to create an extrapolated five-year impact assessment for Clinton, Mahoning, Butler, and Franklin Counties.

As a result of this work, an IRP licensing impact study was created and written to explain the project background, Ohio's tax distribution policy, registration trends, revenue trends, impacts, and county-specific case studies. For the IRP licensing methodology, the research team created an IRP calculator for county engineers that allows them to enter fleet information and estimate the revenue impacts to their own county if a large firm should decide to engage in jurisdiction shopping in the future.

## Research Findings \& Conclusions

In 2015, the statewide revenue effect for Ohio's counties and taxing districts was just under $\$ 13.7$ million. The jurisdiction-shopping impact for Ohio's 88 counties was $\$ 10.13$ million, with $\$ 8.23$ million in direct effects and $\$ 1.9$ million in indirect effects. Municipalities were negatively impacted by $\$ 2.89$ million, all in direct effects. Total township impacts were $\$ 684,997$, with $\$ 6,633$ in direct impacts and $\$ 678,364$ in indirect impacts. These estimates assume that every potential out-of-state truck registration is repatriated to every county. The direct, county-specific impacts (excluding townships, municipalities or indirect county impacts) vary greatly from county to county. In 14 counties, there was no impact; another 38 counties saw an impact of less than $\$ 10,000$. Seventeen counties had revenue displacement between $\$ 10,000$ and $\$ 49,999$. The next nine counties faced more substantial losses: between $\$ 50,000$ and $\$ 99,999$. We estimated that four counties would lose between $\$ 100,000$ and $\$ 199,999$ in registration fees. Three other counties lost between $\$ 200,000$ and $\$ 600,000$. The three most-impacted counties were Clinton County ( $\$ 3.13$ million), Franklin County ( $\$ 1.45$ million), and Hamilton County ( $\$ 822,916$ ). Thus, the most significant impacts were concentrated in 19 Ohio counties. We did not produce estimates for each township and municipality.

## Recommendations for Implementation of Research Findings

If a Phase II study is approved, Ohio officials and the research team will need to consult about potential marketing strategies and tools to approach this problem, as well as about long-term state strategies available to improve IRP distributions. The technical advisory committee will need to decide: (1) whether to pursue a solution that solely addresses the distribution equity or one that tackles the economic development issue; (2) whether the excess annual compensation funds should be used to remediate problems with equity or if another source of funding is preferable; (3) if a
reporting mechanism for domiciled vehicles should be established so that it is easier for Ohio County Engineers to address jurisdiction shopping; (4) on policy solutions that best addresses the issue; and (5) on the general direction for the types of marketing strategies and tools most useful to engineers. The research team developed an IRP fleet impact estimator, which Ohio County Engineers can use to estimate the impact of a fleet in their county who will be shifting its registrations to another state. The calculator lets users select the county from a drop-down menu before inputting the fleet information. The tool estimates the impact on the county, township, and municipalities where the carrier is located. The calculator uses the same methodology as the impact assessment in Chapter 3.

## Chapter 1. Introduction

Ohio is a member of the International Registration Plan (IRP), a registration reciprocity agreement for commercial vehicle fleets that travel between its member jurisdictions. The 48 states, District of Columbia, and 10 Canadian provinces that are members of IRP are commonly referred to as jurisdictions by transportation officials. Commercial carriers register with a base jurisdiction and report mileage totals logged within each state and/or province to the base jurisdiction. Registration fees are apportioned based on the percentage of miles logged in each jurisdiction. Each month, nearly all jurisdictions participate in a funds netting process whereby fees are transmitted through the IRP Clearinghouse. ${ }^{1}$ In Ohio, the Department of Public Safety (ODPS) coordinates the apportionment process and distributes the registration revenue to Ohio counties, townships, and municipalities (also known as taxing districts).

Local government officials in Ohio perceived an imbalance between the percentage of IRP revenue allocated to their governments from registration fees and the amount of pavement damage caused by commercial vehicles on local roads. The problem is twofold. Not only are local revenue allocations from IRP insufficient, but local roads are especially susceptible to accelerated deterioration due to their pavement design, which differs from that of high-traffic state and federal roads. The allocation problem is a result of both the complex manner in which Ohio allocates its vehicle license tax and the loose requirements for declaring a base jurisdiction with IRP authorities.

IRP policy dynamics are substantially more complex than they appear at first glance. For most jurisdictions, a carrier's base jurisdiction is largely irrelevant as long as they accurately report accrued mileage, which is used to apportion fees. Provided that other jurisdictions do not offer

[^0]vehicle registration enticements that violate IRP bylaws (this phenomenon is referred to as jurisdiction shopping, although it indirectly impacts other taxes and fees) there should not be a significant effect on a jurisdiction's apportioned revenue, which it receives from other IRP members. While the state-level revenues are largely unaffected by IRP apportionment, the story is different for counties, municipalities, and townships in Ohio. Ohio's state code has two separate allocation policies for IRP revenue. One policy applies to revenue generated by in-state registrations, the other for revenue that comes from other jurisdictions. Jurisdiction shopping has become more prevalent, particularly for large trucking firms. Some Ohio taxing districts with large fleets have seen sharp IRP revenue decreases, and have struggled to maintain local roads. The economic crunch is felt by county engineers, who are pressured by prospective trucking or trucking-related businesses and economic development agencies to enhance roadways or upgrade traffic control systems. The key to fixing the system is to identify the manner in which the registration issues are impacting the revenue streams in Ohio counties (and the taxing districts situated therein) and what might be done to eliminate, or at least limit, revenue losses in those counties. This report identifies the problems with current IRP revenue allocation and assesses their impact on jurisdictions.

### 1.1 Research Context

In most IRP jurisdictions, the base (or home) jurisdiction of a carrier operating in the state is largely irrelevant as long as the carrier accurately reports accrued mileage, which is used to apportion fees. Provided that other jurisdictions do not offer registration enticements that violate IRP bylaws (the phenomenon of jurisdiction shopping, though it does indirectly impact other taxes and fees), this should not have a substantial effect on a jurisdiction's apportioned revenue, which it receives from other IRP members. There are two slight exceptions. During the initial registration
period, some carriers make substantial efforts to register in a state with low plate fees. This is because first-year carriers often use estimated mile calculations provided by the jurisdiction, and a large percentage of the plate fee will be apportioned to the jurisdiction in which new carriers register. If a carrier registers in Indiana but operates mostly in Ohio, the carrier will send most of its money to Indiana during the first year if it uses Indiana's mileage estimates for first-year firms. However, the base jurisdiction claimed by a carrier should not impact the revenues sent to other jurisdictions after the first year of operation. Thereafter, plate fees are distributed based on actual miles logged, and the fees paid to each jurisdiction in which the carrier operates would be the same irrespective of which jurisdiction serves as the base jurisdiction (again, assuming the carrier's mileage reports are accurate). The other exception pertains to the Highway Safety Fee portion of Ohio's license tax. For Ohio-based trucks, this fee is not apportioned. The corresponding amount that other state jurisdictions collect from their trucks on Ohio's behalf is apportioned.

While state-level revenues are largely unaffected by IRP apportionment, the story is different for Ohio taxing districts. Ohio's state code establishes a different allocation policy for IRP revenue generated by in-state registrations than for IRP revenue that originates in other jurisdictions. Ohio's IRP allocation policy for apportioned vehicles registered in another jurisdiction, which is spelled out in ORC 4501.044, specifies rules for allocating this revenue to counties, municipalities, and townships. This creates winners and losers because taxing districts with trucks registered in Ohio will also receive out-of-state revenue through the loss compensation process described in Chapter 2. Taxing districts that have lost truck registrations to other states get very little out-ofstate revenue for those vehicles because the bulk of IRP revenue distributions are tied to whether a vehicle is registered in Ohio. Because of the prevalence of jurisdiction shopping, particularly among large trucking firms, some Ohio taxing districts where large fleets are domiciled have seen
sharp IRP revenue declines. Consequently, they are struggling to maintain local roads with these diminishing revenue streams.

### 1.2 Previous Research

IRP taxes, fees, laws, regulations and processes vary greatly from state to state. Policy diffusion - the manner in which a public policy is transmitted from one county, state, or local government unit to another — can influence the behavior of jurisdictions. Karsch (2007) identifies four primary diffusion mechanisms: geographic proximity, imitation, emulation, and competition. In short, a jurisdiction is more likely to adopt a particular policy from another jurisdiction if that jurisdiction is located in an adjacent state or county, has similar attributes which could therefore lead to similar policy outcomes, is attempting to implement a policy because it has enjoyed success elsewhere, or is trying to compete with another jurisdiction for purposes of economic development.

A 2003 Texas Transportation Institute (TTI) study of heavy truck registration demonstrated the presence of these patterns. The study compared the success of Oklahoma in attracting a large number of IRP truck registrations, while Texas IRP truck registrations stagnated. The history and success of Oklahoma's policy, the questionable legality surrounding the practices of some trucking companies registering there, and the subsequent legal disputes between IRP member jurisdictions underscores the competition between states to attract carriers (Jasek, Ojah, and Hoover, 2003). The study usefully distinguished between fraudulent and legitimate jurisdiction shopping. Fraudulent jurisdiction shopping occurs when a trucking firm sets up registration in a state where it has not established a legitimate place of business. Typically, these firms use the addresses of permitting services, or potentially a non-physical address, such as a post office box. After an IRP peer review of Oklahoma, IRP rules were changed to require that employees be physically present at the location(s) used. Permitting services were no longer counted as a place of business. However,
legitimate jurisdiction shopping was permissible, and firms operating terminals or locations in multiple jurisdictions have several registration options. Likewise, officials in Ohio have made significant changes to truck registration procedures and policies so the state can compete with Indiana, a bordering state that has adopted several business-friendly laws and regulations to pursue trucking industry investment.

In broader practice, the decision to register a vehicle in a particular jurisdiction entails several considerations not always directly related to IRP fees. These decisions exert a large financial and administrative impact on the motor carrier. When trucking firms register their vehicles in a jurisdiction, they are subject to various state or provincial taxes and fees, licensing requirements, policies, procedures, and regulations. Laws, regulations, and taxes enacted at the local level may also apply. Interviews conducted with trucking industry representatives as part of TTI's study indicated that trucking companies consider the effects of regulation, taxes, fees, administrative burden, and quality of customer service when jurisdiction shopping (Jasek, Ojah, and Hoover, 2003). The TTI study advances several suggestions that Texas - or by logical extension, any state - could use to improve its policies in order to repatriate IRP registrations (and all associated taxes and fees). Carriers interviewed as part of the Texas study expressed concerns about the ad valorem tax and the sales tax associated with the purchase of new tractors or trailers. As of 2002, Oklahoma had no ad valorem tax, sales tax for commercial vehicles, or a franchise tax. Indiana has these taxes, but the ad valorem tax has exemptions and the excise tax is fixed at a low amount (Jasek, Ojah, and Hoover, 2003). Another advantage some states provide is permanent truck and trailer plates rather than plates that are reissued annually. Online renewal options and "one-stop shops" for customer service were considered secondary criteria that might encourage trucking
companies to register with a particular state. Ohio has taken several steps to adopt some of these policies in order to become more competitive with other jurisdictions.

Perhaps the most interesting insight from the TTI study concerns apportionment. Any taxes or fees that are non-apportioned - meaning that in-state carriers must pay it but out-of-state competitors do not - are viewed by in-state carriers as placing them at a competitive disadvantage. This same logic compelled state officials to create the IRP agreement so that the highway maintenance costs (borne to repair damage caused by interstate truck traffic) could be shared more equitably. This is essentially the same conclusion drawn in the Kentucky Transportation Center’s (KTC’s) study of a fee-based alternative to its weight-distance tax. Eliminating the weight-distance tax and replacing it with a fee-based system would have apportioned costs less equitably, so that intrastate carriers would pay more while interstate carriers would, on balance, pay less (Martin, Bell, and Walton, 2013). Researchers and Ohio transportation officials plan to sidestep this issue by focusing on the reallocation of current revenues, and not on the imposition of new taxes and fees for in-state carriers.

IRP and the International Fuel Tax Agreement (IFTA) were created to apportion payments equitably to states and other jurisdictions. A recent study suggests that states are generally satisfied with the performance of the IFTA and IRP models, although some concerns about noncompliance and evasion have been voiced (O’Connell, Yusuf, and Hackbart, 2007). Notwithstanding past legal issues documented in the TTI study, most state officials believe the programs have been successful. These perceptions, however, have not precluded changes being made to the program's structure. Specifically, IRP officials are now implementing a major change that was enacted in January 2015.

The change relates to the recently approved Full Reciprocity Plan: "a concept to change the International Registration Plan (Plan) to grant full reciprocity for all apportioned vehicles in all
member IRP jurisdictions, making the Plan more efficient to administer and more equitable and more flexible for its member jurisdictions and registrants" (IRP Task Force, 2010). Instead of granting reciprocity for jurisdictions in which organizations declare mileage, this system will let a carrier operate in all 59 jurisdictions if they comply with all other state and provincial laws. The change will streamline the registration process and simplify IRP program administration by eliminating estimated distance calculations, by reducing the need to obtain temporary (or trip) permits, and by decreasing the revenue associated with those two processes. Instead, first-year fees for new fleets will be collected and apportioned to all 59 jurisdictions, and subsequent filings will be based on the company's actual logged miles (Sage, Casavant, and Lawson, 2013). However, the impact this change will have on IRP revenues is unclear. An independent study issued by the Freight Policy Transportation Institute suggests that the elimination of estimated distances and trip permits will be largely replaced because of the way mileage is recalculated and apportioned, with estimated losses and gains not exceeding four percent (Sage, Casavant, and Lawson, 2013). In practice, officials, researchers, and industry members are still unsure how the Full Reciprocity Plan will impact revenues or how the industry will respond to the new plan. Therefore, this change complicates the economic impact estimation for this study. In Ohio, any changes in the allocation of out-of-state apportionment fees will directly impact all counties and taxing districts.

Recent studies of Kentucky and Idaho's commercial vehicle tax-and-fee structure show that the potential effects of fee-based commercial vehicle policies are difficult to forecast (Casavant and Jessup, 2004; Martin, Bell, and Walton, 2013). When officials replaced Idaho’s weightdistance tax with a fee-based system (following a 2001 court ruling), they did not anticipate the trucking industry's response. Truck registrations declined sharply as trucking companies consolidated shipping routes to take advantage of a loophole capping the mileage-based fee. The
change was intended to be revenue-neutral, but Idaho now collects $\$ 15-20$ million a year less than it would have if its weight-distance tax was still in effect. Kentucky's weight-distance tax revenues have been much more stable and predictable than its IRP revenues. The latter fluctuate wildly due to the complex nature of jurisdiction funds netting, changes in plate fees, journal vouchers, and other economic factors. While Kentucky's weight-distance tax revenues tend to exhibit a strong positive correlation with highway usage and therefore the economic strength of the trucking industry, registration-based fees tend to weaken the relationship between highway use and user cost.

Competition from other states, uncertainty about the impact of the Full Reciprocity Plan, and potential volatility of IRP registrations could magnify the volatility of tax- and fee-based revenues garnered from commercial vehicle activities at the local level, particularly in Ohio. This KTC study will be critical for helping both Ohio and its constituent local governments assess the degree to which state and local policies are impacting its interstate truck registrations and for assessing the economic impact of losing registration fees.

## Chapter 2. Ohio Motor Vehicle License Tax Distribution

The Ohio Department of Public Safety's Tax Distribution Section distributes vehicle license taxes - including the IRP taxes paid by commercial vehicles weighing over 26,000 pounds - to Ohio's counties, municipalities and, townships. ${ }^{2}$ The distribution mechanism is very complex, as it involves registration fees from commercial vehicles registered in the state of Ohio, revenues from out-of-state carriers located in other Ohio jurisdictions, and the mechanism consists of several allocation formulas that push the license revenue to Ohio taxing districts.

When the state decided to join IRP, lawmakers and officials wanted to design a system that compensated counties and taxing districts for losses in registration revenue. Before joining IRP, counties and taxing districts received the entire apportionment of an Ohio license plate. Assuming the vehicle was registered for an entire year (i.e. not prorated), the entire plate cost was collected for the vehicle. When Ohio became an IRP jurisdiction, carriers began tracking mileage on each vehicle to determine how much of the apportionment should go to Ohio, instead of to other jurisdictions.

When Ohio entered IRP, officials decided that compensation for lost registration revenue on in-state plates would be offset by using the new revenue stream created from the remittance of apportioned registration dues from vehicles registered in other jurisdictions but operating in Ohio. Known as "loss compensation", the revenue from carriers registered in other jurisdictions would be used to mitigate losses stemming from the apportionment of in-state IRP registrations. Since joining IRP, Ohio has collected enough revenue so that, even after providing all of the loss compensation for each Ohio-based vehicle, there is money remaining from the out-of-state funds

[^1]at the end of each year. This money accumulates in a fund known as the IRP distribution fund. At the end of the year, once all Ohio-based IRP registration revenue and loss compensation revenue have been distributed, the remaining funds are distributed via Ohio's annual IRP excess compensation procedures.

Figure 1 is a flowchart that delineates Ohio's IRP tax distribution system. As the green box in the upper left-hand corner demonstrates, the initial revenue comes from Ohio-based carriers when they register or re-register a commercial vehicle. For each in-state registration, a $\$ 30$ fee is deducted and deposited in the Highway Safety Fund. ${ }^{3}$ Once that money is deducted, the remaining money is split between Ohio's Highway Operating Fund (the state’s highway trust fund), the counties, and the taxing districts. If the vehicle is an IRP truck (i.e. its GVW > 26,000 pounds), the Highway Operating Fund receives 42.6 percent of the remaining license fee and the other 57.4 percent (the gross distributable license tax) goes to Ohio counties, municipalities and townships. Before money is disbursed, several things happen. Loss compensation must be calculated and added to the total.

As the second green box indicates, Ohio IRP license tax revenue is collected from other jurisdictions. It then moves through distribution steps similar to the in-state registration revenues before it eventually reaches the IRP distribution fund. The main difference is that rather than setting aside a specific amount for the Highway Safety fund, 2.5 percent of all out-of-state IRP revenues are transferred. The way IRP’s Clearinghouse is set up, jurisdictions are only capable of tracking gross amounts from each jurisdiction. As such, Ohio officials do not see the amount of

[^2]
## Figure 1. Ohio IRP License Revenue Distribution Flowchart


revenue that is associated with each vehicle registered with another base jurisdiction. As with the Ohio-based IRP vehicles, 42.6 percent of the remaining out-of-state IRP revenue goes to the Highway Operating Fund, and 57.4 percent goes to the IRP distribution fund, which becomes part of the gross distributable license tax. This particular step is noted by the (1) in Figure 1. The total amount of loss compensation depends on the weight class, percentage of logged miles run on Ohio roads, and the number of vehicles.

Table 1 illustrates how loss compensation works for a single truck in each of Ohio's weight classes. For example, the owners of an 80,000-pound truck registered in Ohio that logs 40 percent of its miles in Ohio would pay 40 percent of the full in-state fee, which is currently $\$ 1,340$. The Ohio portion of the bill is therefore only $\$ 536$; the remaining 60 percent of the vehicle mileage would be paid according to reported mileage and plate costs in other states in which the vehicle operated. For instance, if the truck accumulated 25 percent of its mileage in Kentucky, the carrier would pay 25 percent of a full Kentucky plate. This process would continue until all mileage was accounted for. When the truck's owners make their initial payment, it goes to Ohio's BMV. Once the BMV receives it, it distributes money due to other jurisdictions every month. Under this arrangement, carriers only have to pay a single state.

With an intrastate commercial truck, the amount sent to counties, townships and municipalities equals the amount remaining once the state's Highway Operating Fund share (42.6 percent) is deducted. Continuing with the example from the previous paragraph, assuming a full fee, this would have amounted to $(\$ 1,340) \times(0.426)$, or $\$ 570.84$. The remainder $(\$ 769.16)$ is the raw amount distributable to the counties and taxing districts. However, the Highway Operating Fund share on an IRP truck with a 40 percent apportionment is $\$ 228.34$, with the remaining $\$ 307.66$ distributable to Ohio counties and taxing districts. Consequently, the shift to the IRP system would
create real losses in those counties and taxing districts where the vehicles are registered. To shield Ohio counties and taxing districts from large revenue declines under IRP, loss compensation was created.

Table 1. IRP License Fees and Loss Compensation by Weight Class

| GVW | Full <br> Year(\$) | Sans HSF <br> $\mathbf{( \$ )}$ | Collected <br> $\mathbf{( 4 0 \% ) ( \$ )}$ | HOF(\$) | Gross(\$) | Loss <br> Comp. (\$) | Total (\$) |
| :---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| $26,001-30,000$ | 385 | 355 | 142 | 60.49 | 81.51 | 122.26 | 203.77 |
| $30,001-34,000$ | 450 | 420 | 168 | 71.57 | 96.43 | 144.65 | 241.08 |
| $34,001-38,000$ | 510 | 480 | 192 | 81.79 | 110.21 | 165.31 | 275.52 |
| $38,001-42,000$ | 570 | 540 | 216 | 92.02 | 123.98 | 185.98 | 309.96 |
| $42,001-46,000$ | 630 | 600 | 240 | 102.24 | 137.76 | 206.64 | 344.40 |
| $46,001-50,000$ | 690 | 660 | 264 | 112.46 | 151.54 | 227.30 | 378.84 |
| $50,001-54,000$ | 755 | 725 | 290 | 123.54 | 166.46 | 249.69 | 416.15 |
| $54,001-58,000$ | 815 | 785 | 314 | 133.76 | 180.24 | 270.35 | 450.59 |
| $58,001-62,000$ | 885 | 855 | 342 | 145.69 | 196.31 | 294.46 | 490.77 |
| $62,001-66,000$ | 955 | 925 | 370 | 157.62 | 212.38 | 318.57 | 530.95 |
| $66,001-70,000$ | 1,025 | 995 | 398 | 169.55 | 228.45 | 342.68 | 571.13 |
| $70,001-74,000$ | 1,110 | 1,080 | 432 | 184.03 | 247.97 | 371.95 | 619.92 |
| $74,001-78,000$ | 1,230 | 1,200 | 480 | 204.48 | 275.52 | 413.28 | 688.80 |
| $78,001-80,000$ | 1,370 | 1,340 | 536 | 228.34 | 307.66 | 461.50 | 769.16 |

Table 1 displays the IRP license plate fees and the first-pass calculation for commercial trucks registered in Ohio. The first column sorts vehicles according to weight class, and the acceptable range for vehicle plates. The second column contains the price for a 100 percent Ohio registration for a full year, but the $\$ 30$ reduction that goes to the Highway Safety Fund is deducted first. The collected amount is the total per vehicle based on apportionment, which is listed as "Collected (40\%)" in the adjacent column. Next, the HOF fund represents the 42.6 percent distribution that goes to the Highway Operating Fund, whereas "Gross" is the gross distributable amount before loss compensation is included. The "Total" column is the distributable amount that goes to the county or taxing district as a result of the registration. It is identical to the distributable amount from an intrastate registration; the taxing district share that is left over after the Highway Safety

Fund and Highway Operating Road fund is deducted is identical to an IRP registration that is supplemented by the loss compensation.

Loss compensation is therefore determined by subtracting the distributable amount (i.e. the total amount going to Ohio's counties and taxing districts from the in-state registration) in the apportioned registration from the distributable amount in the full registration. For example, on an 80,000-pound vehicle that receives a plate with a 40 percent apportionment, there would be $\$ 307.66$ in gross distributable income rather than $\$ 769.16$, which would be the case if the truck were registered as an intrastate vehicle or an IRP vehicle that ran all of its miles in Ohio the previous year. If the apportioned amount is subtracted from the full amount, what remains is the loss compensation amount $-\$ 461.50$. This is the amount of money that comes from the out-ofstate transmittals for trucks registered in other jurisdictions and operating in Ohio. As a result, there is still $\$ 769.16$ in distributable revenue - but only $\$ 307.66$ comes from the Ohio carrier.

The second major step is the distribution formula, which is denoted as (2) on

Figure 1. According to O.R.C. Section 4501.04, the revenue must be distributed as follows: 34 percent goes to the county or municipality the vehicle is registered in; 47 percent goes to the county the vehicle is registered in; 9 percent is totaled statewide and then distributed to all counties based on each county's proportion of total road miles; 5 percent is totaled statewide and then distributed to all townships based on the proportion of each township's road mileage; and 5 percent is divided evenly between each of Ohio's 88 counties. Table 2 displays the approximate distribution ratios for each vehicle based on weight class. Because the loss compensation equalizes the amount of distributable revenue per vehicle, the apportionment does not matter in terms of this
distribution, although it impacts the amount drawn from the IRP distribution fund to cover the distributable revenue portion that does not come from the Ohio carrier.

Table 2. Breakdown of Ohio IRP Distributable Revenue per Vehicle, GVW

| GVW | Total <br> Non-HOF | Muni/Township <br> $\mathbf{( 3 4 \% ) ( \$ )}$ | County <br> $\mathbf{( 4 7 \% ) ( \$ )}$ | County Miles <br> $\mathbf{( 9 \% ) ( \$ )}$ | Township Miles <br> $\mathbf{( 5 \% ) ( \$ )}$ | County Even <br> $\mathbf{( 5 \% ) ( \$ )}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $26,001-30,000$ | 203.77 | 69.28 | 95.77 | 18.34 | 10.19 | 10.19 |
| $30,001-34,000$ | 241.08 | 81.97 | 113.31 | 21.70 | 12.05 | 12.05 |
| $34,001-38,000$ | 275.52 | 93.68 | 129.49 | 24.80 | 13.78 | 13.78 |
| $38,001-42,000$ | 309.96 | 105.39 | 145.68 | 27.90 | 15.50 | 15.50 |
| $42,000-46,000$ | 344.40 | 117.10 | 161.87 | 31.00 | 17.22 | 17.22 |
| $46,001-50,000$ | 378.84 | 128.81 | 178.05 | 34.10 | 18.94 | 18.94 |
| $50,001-54,000$ | 416.15 | 141.49 | 195.59 | 37.45 | 20.81 | 20.81 |
| $54,001-58,000$ | 450.59 | 153.20 | 211.78 | 40.55 | 22.53 | 22.53 |
| $58,001-62,000$ | 490.77 | 166.86 | 230.66 | 44.17 | 24.54 | 24.54 |
| $62,001-66,000$ | 530.95 | 180.52 | 249.55 | 47.79 | 26.55 | 26.55 |
| $66,001-70,000$ | 571.13 | 194.18 | 268.43 | 51.40 | 28.56 | 28.56 |
| $70,001-74,000$ | 619.92 | 210.77 | 291.36 | 55.79 | 31.00 | 31.00 |
| $74,001-78,000$ | 688.80 | 234.19 | 323.74 | 61.99 | 34.44 | 34.44 |
| $78,001-80,000$ | 769.16 | 261.51 | 361.51 | 69.22 | 38.46 | 38.46 |

In each weight class, the distribution formula is basically the same. The 34 percent municipal/township distribution is returned to the municipality if the truck is registered in an Ohio city or village. However, if it is registered in a township the money goes to the county. Therefore, counties with a large percentage of township registrations generally receive more revenue per vehicle, all else being equal, than counties with a large proportion of municipal registrations. The 47 percent distribution always goes to the county, and as shown in Table 2, this is the largest amount.

Table 3 provides a hypothetical breakdown of the IRP license for a truck registering for a full year, based in a township of Adams County. Of the $\$ 769.16$ in distributable revenue for the 78,001 pounds and up plate, $\$ 361.51$ goes directly to the county. The 34 percent city or township distribution goes to the municipality if the vehicle is based there. If the vehicle is based in a township, this money goes to the county. The remaining pools of money go to a statewide pool
that combines all license revenue based on all vehicle registrations - not just IRP vehicles. The county mileage and township mileage money is summed statewide and then distributed based on statewide mileage percentages. The county's even (5\%) amount is also technically distributed in this way. The initial calculation determines the amount of distributable revenue for each registration in each county and taxing district. The distribution is how much the county or township keeps after all of the calculations have been made. ${ }^{4}$

## Table 3. Hypothetical Ohio IRP Registration and Tax Distribution (Adams County) ${ }^{\text {\#\# }}$

| Distribution | \% | Amount (\$) | To Adams County (\$) | To Other Counties/TDs (\$) |
| :---: | :---: | :---: | :---: | :---: |
| City/Township | 34 | 261.51 | *261.51 | 0.00 |
| County | 47 | 361.51 | 361.51 | 0.00 |
| County Miles | 9 | 69.22 | 0.90 | 68.32 |
| Township Miles | 5 | 38.46 | **0.35 | 38.11 |
| County Even | 5 | 38.46 | 0.44 | 38.02 |
| Total | 100 | 769.16 | \#624.71 | 144.45 |
| *If it is a township registration, the 34 percent goes to Adams County, and to the city otherwise |  |  |  |  |
| **This money passes through Adams County but ultimately goes to its townships |  |  |  |  |
| \#Adams County keeps $\$ 624.36$ after deducting the township money ${ }^{\prime \prime}$ Figures shown do not reflect cost or interest |  |  |  |  |

The county mileage share (9\%) is divided based on each county's proportion of all county road miles in the state. In this example, the truck is registered in Adams County, which has 375.81 of the statewide total ( $28,976.38$ county miles). Dividing the county road miles in Adams County miles by the total number of county miles in Ohio yields 0.013 . This means that 1.3 percent of all money in the county mileage pool is apportioned to Adams County. Using an 80,000-pound truck as an example would mean that approximately 90 cents of the $\$ 69.22$ of that particular vehicle's county mileage distribution go to Adams County irrespective of what county it was registered in.

The same logic can be applied to township mileage. Adams County has 15 townships, with 383.95 township miles - just under 1 percent (.009) of the state’s 41,497.3 aggregate township

[^3]miles in 2013. As such, for a single 80,000-pound truck registration, assuming it is not prorated, approximately 34.6 cents from each registration goes to Adams County based on its share of statewide township mileage, regardless of where in Ohio the vehicle is registered. It could be in Adams County, another county, or even a municipality in another county. All other counties would receive allocations for its townships based on their number of township miles (which is used to calculate the proportion of statewide township miles that fall within their borders). The initial distribution is transferred from the Ohio Department of Public Safety to the counties, which then allocates each township its share.

The last distribution is less complicated. Basically, the 5 percent county distribution is divided evenly between the 88 counties. Continuing the example of an 80,000-pound truck, Adams County would get about 44 cents of the $\$ 38.46$ amount, as would each of the 87 other counties in the state. This would apply to every IRP truck in the state that was registered for the 78,001-pound-and-up plate.

In sum, if the hypothetical vehicle were registered in an Adams County township, the county would receive $\$ 261.51$ from the city/township share, $\$ 361.51$ from the county share, 90 cents from the county mileage share, and 44 cents from the county even share. Adams County's 15 townships would split the 35 cents it collected based on those townships' mileage share. The remaining money acquired from the county mileage, township mileage, and county even shares would be distributed to each of the other 87 counties accordingly. As such, the vehicle registered in Adams County would result in $\$ 769.16$ cents in distributable revenue, but Adams County would only keep $\$ 624.36$ of that registration. When the additional factors of prorated registrations, BMV costs, and interests are taken into account, the total amount Adams County retains averages less than \$624.36
per 80,000-pound truck registered in a township, illustrating the tax distribution process's complexity.

The last phase of the IRP tax distribution process, which is marked with the (3) in Figure 1, concerns the handling of the remaining out-of-state revenue received from other jurisdictions. At the end of each calendar year, the ODPS Tax Distribution Section determines the amount of out-of-state revenue left over after loss compensation, interests, and other adjustments are made from the out-of-state IRP revenue generated from vehicles registered in other base jurisdictions. This amount varies from year to year, but since Ohio joined IRP there have always been leftover out-of-state IRP funds after loss compensation, interest, and other adjustments. Table 4 summarizes the statewide annual excess IRP compensation distribution for Ohio since 2009. The revenues have averaged $\$ 9.6$ million over the last six years, and ODPS distributed them to Ohio's 88 counties in a manner similar to the distribution of in-state registrations and loss compensation.

Table 4. Ohio Statewide Annual Excess IRP Compensation Distribution

| Year | Total (\$) |
| :---: | ---: |
| 2009 | $9,930,742.72$ |
| 2010 | $9,310,356.89$ |
| 2011 | $8,545,913.47$ |
| 2012 | $9,494,625.38$ |
| 2013 | $10,682,385.59$ |
| 2014 | $9,788,898.74$ |

To distribute the annual excess loss compensation, the ODPS Tax Distribution Section calculates the total amount of license revenue that each county and taxing district received in the past year's monthly license tax distribution. This total includes all forms of license revenue - IRP trucks, non-IRP commercial trucks, passenger vehicles, buses, and motorcycles, among others.

The annual excess loss compensation amount is divided up in the same proportion as the motor vehicle tax distributed in the last year, undergoes the 34/47/9/5/5 calculation, and then final calculations to determine the amount each county and taxing district will receive.

For 2014, approximately $\$ 9.79$ million was distributed in annual excess compensation along with $\$ 304.62$ million in total license tax. The ratio of excess annual distribution to overall license tax is 0.032 . This is the excess compensation ratio (ECR). A key difference between the license tax and loss compensation distribution versus annual excess distribution is that the latter is calculated using all vehicle license tax as the basis for the ratios. To determine each county's initial share of the annual excess compensation, the ECR ratio is applied to the total license revenue for all Ohio counties. For example, Vinton County and Vinton County's taxing districts received $\$ 849,650.69$ in license revenue. To arrive at Vinton County’s portion of the $\$ 9.79$ million annual excess compensation revenue, $\$ 849,650.69$ is multiplied by the ECR, which is $\$ 27,303.74$.

Table 5. Annual Excess Compensation for Vinton County, 2014

| Category | Amount to be <br> \% | Amount <br> Distributed (\$) | Retained (\$) |
| :--- | ---: | ---: | ---: |
| Muni/Township | $34 \%$ | $9,283.26$ | $* 8,999.60$ |
| County | $47 \%$ | $12,832.76$ | $12,832.76$ |
| County Miles | $9 \%$ | $2,457.34$ | $6,045.97$ |
| Township Miles | $5 \%$ | $1,365.19$ | $\# 0.00$ |
| Counties Evenly | $5 \%$ | $1,365.19$ | $5,561.88$ |
| Total | $\mathbf{1 0 0 \%}$ | $\mathbf{2 7 , 3 0 3 . 7 4}$ | $\mathbf{3 3 , 4 4 0 . 2 1}$ |

Table 5 extends this example by summarizing the breakdown of annual excess compensation revenue that Vinton County received for the 2014 calendar year. Here the 34/47/9/5/5 calculation and distribution are accounted for. The original amount to be distributed based on the ECR ratio is noted in the second column. Vinton County, according to the calculation, received \$9,283.26
for the municipality/township share of the registrations, $\$ 12,832.76$ for the county share of the registrations, $\$ 2,457.34$ for the county mileage, $\$ 1,365.19$ for the township mileage, and $\$ 1,365.19$ for the even county split. What the county actually retained after the distribution looks quite different. Specifically, for the municipality/township portion of the registration revenue, only the township revenue remains with the county - the municipality gets the rest. This amount is calculated by identifying the proportion of city and township revenue and multiplying each by 34 percent. This number is then multiplied by the ECR. ${ }^{5}$ This indicates that Vinton County kept \$8,999.60.

Counties always retain the 47 percent amount of the calculation after the 34/47/9/5/5 distribution. In this case, Vinton initially received and retained $\$ 12,832.76$ after the ECR and county mileage apportionment were applied to the annual excess distribution fund. The county mileage apportionment works quite differently, however. Vinton County's calculated amount of the money for its county road mileage was $\$ 2,457.34$, a figure derived from multiplying the ECR times the county's total vehicle license tax receipts times the 9 percent distribution amount. In fact, the initial $\$ 2,457.34$ was divided among Ohio’s 88 counties based on their respective proportion of total county road miles. Vinton County currently has 0.7 percent of all county road miles in the state. ${ }^{6}$ Thus, Vinton County retained 0.7 percent of the $\$ 2,457.34$ - or $\$ 17.20$. However, Vinton County also received 0.7 percent of the county road mileage calculation for each county \$6,045.97 once it was distributed.

None of the township mileage money from the annual excess compensation fund ultimately stays with the county; it is distributed in a manner similar to the county mileage. Vinton County's initial calculated amount of its township mileage was $\$ 1,365.19$ (calculated by multiplying the

[^4]ECR times the total county's vehicle license tax receipts times the 5 percent distribution amount). As with the county mileage, this distributed amount is redistributed based on the proportion of state township mileage located in each county. In the case of townships, Vinton County's mileage proportion is 0.77 percent. Only $\$ 10.92$ of the township share went to Vinton County’s townships, but as with the county mileage share, Vinton county's townships received 0.77 percent of this amount from the other 87 counties, making the total redistributed township mileage share $\$ 3,762.90$. Vinton County townships would share this money based on the total number of miles located in each township, but that breakdown goes beyond the scope of this study.

Lastly, the remaining 5 percent of the excess annual compensation is distributed to Ohio counties evenly. The simplest way to conceptualize this distribution is not to use the ECR but to multiply the total excess annual compensation amount by 5 percent and then divide by 88. In 2014, this equation would be $\frac{\$ 9,788,898.74 * .05}{88}=\$ 5,561.88$.

If all of these redistributions are added together, Vinton County's retained total (as opposed to the initial distribution total) from the annual excess compensation distribution for calendar year 2014 came to $\$ 33,440.21$, with an additional $\$ 3,762.90$ going to its townships. This was in addition to the $\$ 117,494$ Vinton County retained for based on its IRP registrations and loss compensation (after redistribution), as well as the $\$ 19,426$ passed along to its townships. In total, 2014 IRP registrations netted Vinton County $\$ 150,934$, and its townships received $\$ 23,189$. These calculations are performed for each county and taxing district by the ODPS Tax Distribution Section.

The vehicle-level and county-level assessments of the Ohio IRP vehicle registration serve as micro-level illustrations of macro-level tax distribution policies. These examples illuminate the distribution mechanisms inherent to the system and clarify how we arrived at statewide totals for

Ohio IRP taxes. Table 6 displays the statewide Ohio IRP distribution numbers, 2009-2014. The first column lists the calendar year. The second reports the distributable amount for the IRP license tax collected from Ohio trucks based on each vehicle's in-state apportionment. The HSF and HOF deductions have already been made. The next column summarizes the loss compensation amount. The fourth column has the total amount that was actually distributed from in-state registrations and loss compensation after removing costs and interests, and therefore the total is slightly less than if the second and third columns were simply added together. The distribution amounts encompass what goes to counties, townships and municipalities. The fifth column contains the IRP excess distribution, which includes leftover IRP loss compensation funds after all of distributions to taxing districts, administrative costs, and interests have been taken into account.

Table 6. Statewide Ohio IRP License Tax Distribution, 2009-2014

| Year | Ohio IRP (\$) | Loss Comp (\$) | Distributed (\$) | IRP Excess $(\$)$ | Dist. + Excess $(\$)$ |
| ---: | ---: | ---: | ---: | ---: | ---: |
| 2009 | $\$ 20,930,496$ | $\$ 25,694,032$ | $\$ 41,978,599$ | $\$ 9,930,743$ | $\$ 51,909,342$ |
| 2010 | $\$ 21,003,028$ | $\$ 27,074,290$ | $\$ 43,319,618$ | $\$ 9,310,357$ | $\$ 52,629,975$ |
| 2011 | $\$ 21,780,550$ | $\$ 28,934,120$ | $\$ 46,003,101$ | $\$ 8,545,913$ | $\$ 54,549,014$ |
| 2012 | $\$ 22,350,550$ | $\$ 29,814,617$ | $\$ 47,434,570$ | $\$ 9,494,625$ | $\$ 56,929,195$ |
| 2013 | $\$ 22,077,017$ | $\$ 30,375,930$ | $\$ 47,358,198$ | $\$ 10,682,386$ | $\$ 58,040,584$ |
| 2014 | $\$ 23,828,117$ | $\$ 32,216,767$ | $\$ 50,535,487$ | $\$ 9,788,899$ | $\$ 60,324,386$ |

The data in Table 6 begin in 2009 and run through 2014. The total distributed amount shows a year-over-year increase for the entire period. This time period aligns with the economic recovery that followed the Great Recession. Economic growth is generally a good predictor of increased revenue from taxes and fees, other factors notwithstanding. The average annual distributable amount (excluding IRP excess) during this period was $\$ 51,013,252$. The IRP excess fluctuated from year to year, but deviated little from the \$9,625,487 average. When the monthly distribution and excess distribution are both taken into account, there was steady growth in the amount of IRP revenue received by Ohio counties and taxing districts.

Figure 2 displays the estimated IRP distribution kept by each county for 2014. The total comprises the adjusted distribution amount, which takes the initial 34/47/9/5/5 calculations and distributions into account. Only funds that counties actually get to keep are included in these totals. Annual excess compensation is not included. The totals exclude the share of funds going to municipalities, which receive the 34 percent share. As previously noted, counties keep the 34 percent share if the vehicle is registered in a township, so that amount is included. The 5 percent distribution by township miles goes to the townships, so it is not included. The figure is colorcoded by revenue category.

Estimated totals show significant variability, from \$98,622 in Morgan County to \$2,902,108 in Franklin County. Unsurprisingly, most of the top recipients are the most populous counties in Ohio, with the three most populous counties (Cuyahoga, Franklin, and Hamilton) among the top five in terms of retained revenue. In some cases, this differs significantly from the initial distribution. Counties with a large proportion of their registration in municipalities lose the 34 percent distribution they would have otherwise received had the trucks been registered in townships. Spatial distributions of county totals are strongly related to the location of Interstate routes throughout Ohio. Interstates 74 and 75 in Southwest Ohio; Interstates 70 and 71 in the Columbus area; and Interstates 77, 76, 80, and 90 in Northeast Ohio all pass through counties with higher volumes of trucking activities. Counties that are ports-of-entry also tend to collect more trucking registration revenue than the state's interior counties.

Figure 2. Estimated IRP License Distribution Kept by County, 2014



Figure 3 displays the total IRP annual excess compensation kept by each county after remaining out-of-state IRP funds were collected, calculations completed and distributed according to the 34/47/9/5/5 ratio. The key difference is that each county's initial allocation from the excess compensation fund is based on a ratio of its share of all motor vehicle license tax, not just the IRP component. In 2014, Ohio distributed over $\$ 304$ million in vehicle license taxes from passenger vehicles, motor homes, motorcycles, house vehicles, mopeds, commercial and non-commercial trailers, non-commercial trucks, farm trucks, buses, non-IRP trucks and IRP trucks. The ECR was calculated by dividing the annual excess fund ( $\approx \$ 9.79$ million) by the $\$ 304$ million total. In 2014,
the ECR was $\approx 0.032$. The ECR was applied to each county's total motor vehicle license revenue to determine totals allocations for individual counties. For example, Cuyahoga County and the taxing districts within the county received $\$ 20.7$ million in license revenue in 2014, which multiplied by 0.032 comes to about $\$ 665,772$. This money then undergoes the $34 / 47 / 9 / 5 / 5$ calculation.

As Figure 3 indicates, none of the counties retained more than $\$ 550,000$ of the annual excess compensation. How can we explain Cuyahoga County's totals in light of this knowledge? The answer is that some of the $\$ 665,772$ is diverted to other taxing districts, as was the case with the Vinton County example. The largest recipients of distributable county revenue and loss compensation are similar to the largest recipients of annual excess compensation. The correlation coefficient for the two amounts is $.910 .{ }^{7}$ In a few cases divergence emerges if there is a county with a large amount of IRP truck revenue but a relatively small amount of overall license revenue, or a small amount of IRP truck revenue and a large amount overall license revenue. Counties with stark distributions of commercial and residential areas in municipalities and townships may also observe such a divergence, though it is not common.

Although complex, Ohio's system of motor vehicle license tax distribution was designed as a compromise between state and local entities. All of these stakeholders demand resources to maintain and improve roads and related infrastructure. The allocation formulas for distributable income were designed to provide money to counties, municipalities and townships. In most cases, the system works well because vehicle registrations are not generally a fungible obligation. Individuals who attempt to avoid paying the vehicle license tax risk being stopped and fined by

[^5]law enforcement, even those who purchase a vehicle in another state in an effort to evade their home state's tax.

Figure 3. Estimated IRP Excess Annual Distribution Kept by County, 2014

## IRP Annual Excess

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        $0 to $49,999
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        \$50,000 to \$74,999
        \$75,000 to \$99,999
        \$100,000 to \$199,999
        \$200,000 to \$550,000
    

However, IRP rules give trucking companies significant flexibility over where they register commercial vehicles, particularly if they have terminals in multiple states. Carriers often choose the state with the most lucrative tax policies and register vehicles there, even if they do not intend to maintain significant operations in that state. This practice, coupled with Ohio's motor vehicle tax distribution policy changes the IRP revenue allocation, and in many instances localities lose
funding as a result. The next section discusses IRP registration issues and their impact on license revenue distribution in Ohio.

## Chapter 3. Ohio IRP Registration Issues

After understanding the complex mechanics Ohio’s IRP tax distribution process, it is easier to anticipate how changes in motor carrier registration patterns affect taxing districts across the state. The registered location of Ohio's commercial vehicle is of paramount importance, because the registration is what anchors the IRP revenue to Ohio counties and taxing districts. Per county, this is particularly important given that most of the IRP funds go to the counties for roadway improvement and maintenance purposes. When trucking companies engage in jurisdiction shopping to reduce their tax burden - that is, to reduce taxes other than IRP taxes - it changes the IRP tax distribution mechanisms in ways detrimental to Ohio's taxing districts. If the company continues to domicile most or all of its vehicles in the taxing district that previously received its IRP revenue, but now registers those vehicles in another state to save money, the community loses many of resources historically allocated to assist with highway infrastructure improvement and maintenance.

Economic development initiatives may encourage multistate companies to move headquarters or to register vehicles in another state, and the company benefits from providing incentives or exemptions for taxable assets. Technically, it is not the avoidance of IRP fees that save a company money, but the avoidance of other taxes a company pays because it has assets in a particular state. If a company registered in Ohio moves a registration to Indiana but still runs the same proportion of its total miles in Ohio, the amount remitted to Ohio remains largely unchanged. As noted in the introduction, the taxes, fees, administrative costs, customer service, licensing requirements,
regulations, IRP registration payment options, and other policies tied to a registration typically have a more decisive effect. When a county, municipality, or township loses a registration because the vehicle is registered in another state, but still operates in Ohio, the state still receives the same amount of money, assuming the proportion of miles, registered weight class, and registration duration (i.e. no proration) stay the same.

However, instead of putting money in the in-state pool for distribution to its taxing district, all of the funds are shifted to Ohio's IRP distribution fund. These funds are then used to supplement remaining in-state registrations or are allocated as part of the annual excess compensation distribution. This is based on a percentage of all motor vehicle license revenue, not just IRP license revenue. Consequently, if a county loses a significant number of IRP registrations due to jurisdiction shopping, revenue may still go to the state through interjurisdictional funds netting and through direct payment from jurisdictions not participating in the IRP Clearinghouse, but the revenue is not distributed in the same manner. The effects are difficult to project because of a multitude of other factors related to IRP revenue distribution in Ohio.

Conceptually, the problem is easily defined. However, addressing it is an entirely different matter. IRP allows carriers to register in any jurisdiction where they meet the base residency requirements. According to IRP, Inc., the base jurisdiction "is where the motor carrier has an established place of business and owns, leases or rents a physical structure that is designated by a street name or road" (IRP, 2015). ${ }^{8}$ There are several methods carriers can use to prove their base jurisdiction residency, including: utility bills with the owner(s) or company's name and address, state government documents showing corporate residency, a weapons permit, bank statements, a

[^6]driver's license, titles, tax returns with the home jurisdiction in the return address, and a health care card (in Canadian provinces only).

It is possible for carriers to illegitimately claim residency in a jurisdiction by fraudulently manipulating these documents to demonstrate residency where none exists. However, legitimate jurisdiction shopping can also occur, whether a carrier moves its terminal to another jurisdiction or expands to a jurisdiction with more favorable policies. The former is something IRP members have tried to address, but the latter is more difficult to remedy. Carriers engaged in jurisdiction shopping are more likely to be larger companies because they have the resources necessary to study and understand the system so it can be exploited to their advantage. With the constant flux of registrations within jurisdictions and across jurisdictions, economic boom-and-bust business cycles, businesses changing ownership, registrants changing USDOT numbers, and data limitations, gauging the extent to which jurisdiction shopping occurs can be difficult.

There are several ways to assess the impact of jurisdiction shopping on Ohio counties. The first method is to evaluate the difference in registration numbers or registration share over time to identify if certain counties are trending downward. The second method is matching IRP vehicles plated in other states to trucking companies in Ohio by based on USDOT numbers, in which identifiers are tied to individual vehicles and the Ohio companies. Third, an analysis of IRP registration revenue trends in Ohio's 88 counties could provide clues about whether the changing dynamic of revenue is related to registration trends. A final strategy is to look at known instances of jurisdiction shopping and determine its effect in particular Ohio counties.

### 3.1 Registration Trends

Following the 2009 recession, Ohio's IRP truck registration numbers declined significantly before rebounding. Figure 4 displays the registration totals from 2005 through 2014. In-state IRP
registrations peaked in 2006 at 89,307 before falling slightly in 2007 and then dropping sharply through 2008 and 2009. Registration numbers have since rebounded, reaching 86,766 in 2013, which falls just short of 2006 levels. For county-specific analysis, 2009 is the optimal starting point because the economy had reached its bottom. As such, isolating specific counties where jurisdiction shopping is most prevalent is a more straightforward procedure. Registration drops could still be related to economic issues or normal patterns of business termination, but these factors are more prevalent during recessions than during recoveries.

Figure 4. Ohio IRP Truck Registrations, 2005-2013


IRP registrations might fluctuate significantly within a county for internal and external reasons. Economic performance and development, shifts in industrial production and product distribution, population changes, or trucking company startups and closings may drive these numbers - and they have little to do with jurisdiction shopping. Given that most of the data correspond to a period of general economic expansion, a negative trend might raise flags. There are several ways to temporally analyze the registration activity to identify clues about which areas are most vulnerable to jurisdiction shopping might. The first is to compare the change in registration percentage over
time. Figure 5 shows the percent change in registration percentage between 2009 and 2013 (data were not available for 2005 to 2008). All counties show either positive or negative trends (none remained unchanged). Counties with positive trends are indicated in green, and counties with negative trends are indicated in red. Shading indicates the magnitude of change. For example, as the positive change in registration becomes more pronounced, it is indicated with a darker shade of green (the same logic applies to registration declines and the corresponding red shading).

Figure 5. Ohio IRP Registration Change, 2009-2013


Between 2009 and 2013, total IRP registrations rose from 76,334 to 86,766, an increase of 13.7 percent. Therefore, registrations increased in 63 counties but decreased in 25 counties. The
percent increase was quite sizable in several instances, with 39 counties showing at least a 10 percent increase. Conversely, only 12 counties suffered a decline of 10 percent during the study period. The other 37 counties saw registration increases or decreases within 10 percent of their 2009 numbers. The counties to scrutinize are those that had large IRP disbursements in 2014 (see Figure 3) but which also had registration decreases preceding those disbursements. These counties - Lake, Geauga, Ashtabula, Columbiana, Scioto, Delaware, and Warren Counties - are where we would anticipate sizable revenue losses. As such, they may be good candidates for investigation of prevalent jurisdiction shopping activities. ${ }^{9}$

Another factor to consider is patterns of IRP registration terminations. Under this scenario, a trucking company eliminates all of its IRP registrations in Ohio. To determine the number of companies fitting this profile, we took Ohio's IRP vehicle data and calculated the number of trucks registered by each company (or unique USDOT number) in the state from 2009 to 2013. Only a 100 percent year-to-year fleet reduction counted as a termination. Additionally, if a trucking company re-registered vehicles after a year or suspended operations they were not counted. After starting with 12,099 companies listed in the vehicle data for 2009-2013, this approach whittled the number of down to 3,905 - roughly a quarter of the companies registered in Ohio during those years. ${ }^{10}$ Lapsed IRP vehicle registrations totaled 10,250.

Figure 6 shows the distribution of IRP companies that stopped registering all their vehicles in Ohio during the 2009-2013 interval as well as the total number of vehicles no longer registered. Classification was based on a company's total number of Ohio registrations: one vehicle, 2 to 5 vehicles, 6 to 9 vehicles, 10 to 20 vehicles, and 20 or more vehicles. As the data for Group 1

[^7]indicate, 2,552 of these companies were single-truck operations. Despite these owner-operators' large numbers, these companies accounted for just under a quarter of all the vehicles whose IRP registrations were discontinued. There were 1,089 companies with 2,968 vehicles in the 2 to 5 grouping; they both comprised just under 30 percent of all companies and vehicles. In the 6 to 9 range were 135 organizations and 975 registrations. While the 10 to 20 and 20 or more categories only accounted for 3.3 percent of these organizations, they comprise 36.6 percent of all the registrations.

Figure 6. Companies and Vehicles with Lapsed IRP Registrations in Ohio, 2009-2013


These registration terminations could stem from three causes: (1) the company is no longer in operation; (2) the company relocated its registrations (and possibly its operations) to another jurisdiction; or (3) the company continues to operate in Ohio but did not resume operations until 2014 or later. To determine the frequency of each scenario, the USDOT numbers of vehicles with terminating Ohio IRP fleet registrations were matched to IRP's current database of vehicles to identify states where a carrier still had registered vehicles.

Error! Not a valid bookmark self-reference. Table 7 summarizes data on Ohio fleet cancellations. It includes the current status of the terminating companies as well as the total number of vehicles that had registrations cancelled between 2009 and 2013. The rightmost column reports the number of vehicles currently associated with any company that has reactivated operations in Ohio or continued them in other jurisdictions. The vast majority $(3,308)$ of the companies no longer operate as interstate trucking companies, although it is possible some of these continued operations as intrastate companies. Consequently, no currently registered IRP vehicles are associated with these companies. These companies terminated 7,947 registrations between 2009 and 2013. 131 of these companies have since reregistered 448 vehicles and recommenced operations after cancelling 362 registrations between 2009 and 2013. A glance at the year-to-year registration records of Ohio’s IRP carriers shows that deregistration, a year of no operations, and re-registration in a subsequent year is not uncommon, particularly with smaller companies. We identified 466 companies that no longer register IRP vehicles in Ohio that are still active in other jurisdictions. They cancelled 1,941 vehicles in Ohio, and no longer register any vehicles in the state. Currently, they have 101,905 registrations active in other IRP jurisdictions. Most of these companies are multistate carriers with large regional or national operations.

Table 7. Ohio Fleet Cancellations by Company and Vehicle Numbers, 2009-2013

| Status | Companies | Cancelled <br> Registrations | Current <br> Registrations |
| :--- | ---: | ---: | ---: |
| No longer operating | 3,308 | 7,947 | - |
| Have current Ohio operations | 131 | 362 | 448 |
| Active in other jurisdictions | 466 | 1,941 | 101,457 |
| Total | 3,905 | 10,250 | 101,905 |

The last category includes companies that have taken one of three paths. First, it is possible these companies halted operations in Ohio but continued them in other states. It is also possible
these companies continued operating in Ohio but no longer registered vehicles there. Last, it is possible that gaps in data (i.e. the fact that the historical Ohio data ends in 2013) will ultimately show how a company shifted its primary location but still registers some vehicles in Ohio. The fluid nature of IRP registrations and trucking company operations makes it difficult to pin down the number of vehicles involved. The 466 companies terminating 1,941 vehicles during their last year of registration had a total 2,763 vehicles during the 2009 to 2013 period, which means the companies eliminated some vehicles in previous years before terminating the remainder of their fleet. A match process for these 2,763 vehicles shows that 1,808 of these vehicles are still active, including 375 in Ohio. Thus, 375 vehicles belong to out-of-state companies that once had fleets in Ohio but cancelled registrations, moved operations elsewhere, and then re-registered some of the same vehicles with the state. The remaining 1,433 vehicles were registered in Ohio at one time but are now registered in another state. These vehicles represent possible instances of jurisdiction shopping.

Based on conversations with Ohio officials about jurisdiction shopping, the 1,433 potential IRP vehicles registered elsewhere but potentially operating in Ohio is lower than expected. Because this practice has been in effect for several years, many vehicles never show up as having been registered in Ohio. For example, Greenwood Motor Lines, which does business as R \& L Trucking, is a large carrier based in Wilmington, OH that has registered its vehicles in Indiana since 2008. Their Ohio registrations moved from the state before the historical data began. Another possibility is that Ohio-based companies deregister some - but not all - of their fleet. The matching criteria should therefore be relaxed.

The most straightforward approach is to match IRP vehicles registered in other states to any Ohio-based carriers. To do this, the IRP vehicles were matched to a database of the current primary
address for Ohio motor carriers based on corresponding USDOT numbers. The results of the matching process identified 20,601 vehicles associated with 769 carriers. The state-by-state breakdown is provided in Figure 7. As the map shows, there are out-of-state registrations in most U.S. states, although the trend is more prevalent in some states than others. There were no such registrations associated with Canadian provinces, and so in this context out-of-jurisdiction and out-of-state can be used interchangeably. Not all of these registrations are necessarily cases of jurisdiction shopping - Ohio carriers may have terminals in multiple states. It is best to think of these numbers as potential jurisdiction shopping cases. Notice that the vast majority of these cases are clustered in a few states. The top five states - Indiana, Oklahoma, Illinois, Tennessee, and Alaska - account for 80.3 percent of the out-of-state IRP registrations associated with out-of-state plates. ${ }^{11}$ While Ohio still receives money from the IRP registrations based on apportioned miles, because of the way Ohio distributes its IRP tax revenue, the counties where the vehicles are domiciled receive but a small fraction of the money.

To assess county-level impacts, we first determined how many out-of-state registrations are associated with companies in county-specific taxing districts. Many of the companies are absent from the Ohio vehicle data because they do not register any vehicles in the state. Therefore, to associate a taxing district and registration (and therefore a particular county) a list of the carrier addresses maintained by FMCSA were provided to the Ohio Department of Administrative Services (DAS). (DAS) used a geolocation software application to determine the appropriate taxing district for each company, which was then matched to each vehicle by the corresponding USDOT number. Without knowing the gross registered weights of these vehicles, our best option

[^8]was to multiply the number of vehicles times the weighted average of registration fees based on the statewide distribution of Ohio IRP registrations by weight class in 2014. ${ }^{12}$ If we had assumed

[^9]Figure 7. Out-of-State IRP Registrations Associated with Ohio-Based Carriers

a specific weight class it would have biased the estimates, making them too high or too low depending on the assumption. Vehicles were also classified based on whether the registration was located in a township or a municipality because the amount of distributable revenue a county retains varies significantly according to the type of taxing district. ${ }^{13}$

Figure 8 illustrates the potential number of out-of-state vehicles registered to Ohio carriers by county. It shows the geographic distribution of all 20,601 out-of-state registrations based on where they registered in the county of the carrier's physical address. ${ }^{14}$ There is no way to know for certain whether these vehicles are domiciled in Ohio, but given that the registrations all belong to Ohio-based carriers, it is likely that a sizable percentage of these vehicles probably operate in Ohio. The way IRP is structured, these carriers are still remitting payments via their chosen base jurisdiction, but revenues are distributed much differently than they would be if the registration were tied to a particular county. The county where the carrier is based still enjoys some revenue, but in most cases only a fraction of what they would get if the vehicles were registered there.

The number of out-of-state registrations associated with Ohio carriers vary substantially across counties. There are 14 counties with no out-of-state registrations; additionally 50 more counties have 50 or fewer vehicles that fall into this category. There are 12 counties where there are 51 to 200 vehicles, 7 counties with 201 to 500 vehicles, and 5 counties with 501 to 6,000 vehicles. 97.3 percent of these registrations are concentrated in 24 counties, each of which has 51 or more vehicles, but the largest category in particular, with 77.3 percent in five counties. Just two counties - Clinton County $(5,810)$ and Franklin County $(4,597)$ - account for over 50 percent of

[^10]these vehicles. Hamilton $(2,608)$, Cuyahoga $(1,776)$, and Summit $(1,133)$ Counties have the nexthighest concentrations of these registrations.

Figure 8. Carrier Vehicles Registered in Other Jurisdictions, by County

| Out-of-State IRP |
| :--- |
| Registrations, 2015 |
| $\square 0$ |
| $\square$ |
| 1 to 50 |
| 51 to 200 |
| $\square$ |
| 201 to 500 |
|  |
| 501 to 6,000 |



Table 8 shows the distribution of the out-of-state IRP registrations by fleet size. The first column contains fleets with fewer than 20 vehicles and the second fleets with more than 20 vehicles. Intuition suggests that the likelihood of these smaller companies' vehicles operating in Ohio is quite good, as smaller companies should be less likely to own and operate terminals in other states or jurisdictions. The numbers bear out this story, with companies in this group accounting for 88.6 percent of Ohio carriers with out-of-state IRP registrations. However, the 87
large carriers with 20 or more out-of-state registrations account for 88.3 percent of all vehicles with these registrations. Some of these vehicles probably operate outside Ohio, but if even a modest fraction of those vehicles operate within the state, larger companies exert a more pronounced effect on IRP revenue distribution because of jurisdiction shopping than do smaller carriers.

Table 8. Ohio and Out-of-State Registration Distribution by Fleet Size

| OOS Fleet Reg. | $\mathbf{1}$ to $\mathbf{1 9}$ | 20 or more | Total |
| :--- | ---: | ---: | ---: |
| Total Carriers | $682(88.6 \%)$ | $87(11.4 \%)$ | 769 |
| Total Vehicles | $2,412(11.7 \%)$ | $18,189(88.3 \%)$ | 20,601 |

Figure 9 provides the estimated direct revenue impacts on Ohio counties due to out-of-state registrations by Ohio carriers. To be clear, these estimates are only the amount of distributable revenue lost if one assumes every vehicle registered in another state should be registered in Ohio because it is domiciled in the county where the carrier's terminal is located. Potentially, this revenue is distributed, albeit through the loss compensation and excess annual compensation mechanism, which allocates money based on all motor vehicle tax revenues (not just IRP truck revenues). It is unclear how much of this revenue would be recovered if jurisdiction shopping were curbed or prohibited because we do not know the actual number of these trucks operating in Ohio.

Furthermore, the net effect of this effect is difficult to calculate without making several assumptions and complicated calculations based on the allocation mechanisms discussed in Chapter 2. It is beyond the scope of this study. However, the purpose of this estimate is to demonstrate the degree to which various counties are impacted by IRP jurisdiction shopping - not to master the minutia of policy tradeoffs that would have to occur in wake of a resolution to this problem. It is estimated the average out-of-state truck would repatriate $\$ 665.0138$ in revenue
distributable per truck, which comes to $\$ 13,699,949.29$. These totals include distributions to counties, townships, and municipalities, but do not include administrative costs or interest accrued.

Figure 9. Estimated Direct Impact of Out-of-State Registrations on IRP Distributions


The impact ranges from negligible to significant. The total direct county impact on IRP revenue distributions is estimated at $\$ 8.23$ million for 2015. More specifically, 14 counties will see no impact; 38 counties see an impact of less than $\$ 10,000.17$ counties experience revenue displacement between $\$ 10,000$ and $\$ 49,999$. Nine counties will lose between $\$ 50,000$ and $\$ 99,999$. Four counties will lose $\$ 100,000$ to $\$ 199,999$ in registration fees; and an additional three are predicted to lose between $\$ 200,000$ and $\$ 600,000$. The three biggest losers are Clinton County
( $\$ 3.13$ million), Franklin County ( $\$ 1.45$ million), and Hamilton County ( $\$ 822,916$ ). The reason for Clinton County's disproportionately high losses is that virtually all of its Ohio-based out-ofstate registrations are based in a township, whereas a large number of Franklin, Hamilton, and even Cuyahoga County registrations are in their respective municipalities.

Table 9 breaks down the various impacts of jurisdiction shopping by direct and indirect effect, and by district type. The direct impacts on counties, municipalities, and townships is pretty straightforward, but there are also indirect county and township impacts. These indirect impacts are based on the assumption that all 20,601 IRP registrations can and should be repatriated to Ohio as valid registrations. The small shares of all IRP registrations that go to each county and township based on mileage, as well as the equal share that goes to each county, can also be taken into account. The direct effect to counties constitutes $\$ 8.23$ million, followed by $\$ 2.89$ million to municipalities and $\$ 6,633$ to townships. The indirect effects to the county consist of the 9 percent share-based county miles and the 5 percent share that is allocated equally to each county; these effects collectively sum to almost $\$ 1.9$ million. Indirect township effects are much larger $(\$ 678,364)$ than the direct effects because of the mileage-based structure of township revenue

Table 9. IRP Revenue Impacts Related to Out-of-State Registrations to Ohio Carriers

| Category | Amount |
| :--- | ---: |
| Direct County | $\$ 8,230,544.19$ |
| Direct Municipalities | $\$ 2,886,452.50$ |
| Direct Township | $\$ 6,633.12$ |
| Total Direct | $\$ 11,123,629.81$ |
| Indirect County Miles | $\$ 1,220,741.74$ |
| Indirect Township Miles | $\$ 678,364.34$ |
| Indirect County Equal | $\$ 677,213.40$ |
| Total Indirect | $\$ 2,576,319.48$ |
| Total Impact | $\$ 13,699,949.29$ |

allocations. In total, the cumulative direct and indirect effects for counties amount to $\$ 10.13$ million, $\$ 2.89$ million for municipalities (as they have no indirect effects), and $\$ 684,997$ for townships. The total impact is just under $\$ 13.7$ million.

### 3.2 Revenue Trends

Another way to examine the impact of jurisdiction shopping on IRP registrations is to look at IRP revenue trends in each of Ohio's 88 counties. The revenues for each county were calculated based on what each county keeps, excluding disbursements to townships and municipalities. ${ }^{15}$ As with registration numbers, other factors can drive changes in IRP revenue, including increased or decreased economic activity in the trucking sector, differences in fees or interest, fluctuations in the ratio of municipal and township registrations, and trucking companies physically moving or terminating operations. If jurisdiction-shopping estimates are correlated with revenue changes in these areas, then jurisdiction shopping may be a primary factor in explaining why those revenue changes occurred.

Forecasting models are commonly used in the social sciences. As such, it is useful to review the context and guidance from the literature that supports the forecasts in this study. Zarnowitz identifies attributes common to successful forecasts (1992). These include verifiability of the forecast, absence of bias, use of the same variables across forecasts, and the adoption of objective methods. Incorporating all available information into the forecast is cited as another element that can be used to evaluate forecasts (Feenberg et al., 1988) and improve their accuracy (Moca \& Azad, 1995).

[^11]Techniques commonly used for forecasting are trends, time series models, causal models, and accounting-type approaches (Frank, 1993). Most state governments use forecasts for revenues that rely on econometric models of varying complexity (Grizzle \& Klay, 1994). These models use regressions and related economic variables to estimate future revenue collections. However, in some cases, econometric models have been shown to produce results that are functionally equivalent to those derived from simpler methods such as data extrapolation and judgment (Ahlers \& Lakonishok, 1983; Armstrong, 1978; Ascher, 1981). For short-term forecasting, extrapolation has proven as successful as the complex time-series features of econometric models (Armstrong, 1984; Brandon, Jarrett, \& Khumawala, 1983; Mahmoud, 1984). Irrespective of the approach taken, obtaining lengthy historical data when generating a forecast is recommended in order to improve results (Cirincione, Gurrieri, \& Van de Sande, 1999; Schroeder, 1982; Downs \& Rocke, 1983). Combining forecasts that use different methods can produce more accurate estimates than a single model can (Grizzle \& Klay, 1994).

A number of studies have found that state revenue forecasts have been consistently underestimated (Feenberg et al., 1988; Frank \& Gianakis, 1990; Klay, 1983; Albritton \& Dran, 1987). Some researchers argue that forecasts in general are intentionally low in order to reduce the likelihood that reduced spending will be necessary if actual receipts fall short of the forecast (Klay, 1983; Rodgers \& Joyce, 1996). Lower estimates result in small forecast errors during recessions, while errors are magnified during periods of economic growth. As forecasts are an estimate and subject to error and uncertainty, forecasters often build a buffer into forecasts to guard against unexpected declines in revenue (Rubin, 1987). Using judgment is prone to greater error than relying on data, such as cross-section or time series (Moca \& Azad, 1995).

It is with these factors in mind that we turn to methods. Forecasts for future county IRP distributions from 2015 to 2019 were generated for aggregate county level distributions rather than for each part of the distribution formula across each county. To produce estimates for each part of the distribution formula, we first averaged those categories from 2009 to 2014 to obtain an average percentage. We then applied that to the forecasted total to develop estimates for the underlying parts of the distribution formula. While it is possible to apply forecasting models to these individual categories, limited historical data and the use of so many forecasting models would introduce unnecessary forecasting error to our estimates. The county level forecasts for IRP distributions were estimated using historical data from 2009 to 2014. A wider span of historical data would have likely improved the results; however, there were enough data to generate forecasts that explained over 90 percent of the variance. Attempting to predict changes in IRP distributions and the factors driving these changes beyond the five-year point would entail significant speculation and would be of limited value.

The three approaches used to generate the forecasts were a time-trend, time-trend-squared, and lag model. A time-trend model regresses historical distributions against a time variable. A time-trend-squared model follows this approach but it also squares the time variable. A lag model regresses historical distributions against the same distributions; however, the distributions are lagged by one year. The time-trend model is shown in equation (1) below.

$$
\begin{equation*}
Y_{t}=\beta_{0}+\beta_{1} T_{t}+\varepsilon_{t} \tag{1}
\end{equation*}
$$

$\mathrm{Y}_{\mathrm{t}}$ represents the distribution in year t , while T is the time-trend value for each year $\mathrm{t}, \beta_{0}$ is the constant, and $\varepsilon_{\mathrm{t}}$ is the error term. $\beta_{1}$ is the value of the independent variable. The trend forecast implicitly captures various factors that are difficult to predict, such as economic changes. Nevertheless, the trend forecast error will be larger if there are sudden shifts or accelerated changes in factors that affect IRP distributions. The trend-squared variable captures exponential growth or diminishing growth rates. Equation (2) displays the time-trend-squared model, which is similar to the time-trend model.

$$
\begin{equation*}
Y_{t}=\beta_{0}+\beta_{1} T_{t}+\beta_{2} T_{t}^{2}+\varepsilon_{t} \tag{2}
\end{equation*}
$$

The lag model, more formally known as the autoregressive (1) model ${ }^{16}$, exploits the relationship between the current year's distribution and the previous year's distribution to future distributions. It relies heavily on prior-year distributions to forecast successive years. Equation (3) below shows the lag model. $\mathrm{Y}_{\mathrm{t}-1}$ is the prior year's revenue. The coefficient on the lag model is essentially the percentage of last year's revenues that are added to the constant to obtain the predicted value.

$$
\begin{equation*}
Y_{t}=\beta_{0}+\beta_{2} Y_{t-1}+\varepsilon_{t} \tag{3}
\end{equation*}
$$

[^12]In order to generate the forecasts, we then averaged the resulting estimates from each of the models. Still, each model was checked for goodness of fit and significance, with attention paid to the resulting estimates (compared to the historical data). In some cases, a downward trend in the historical data yielded values in outlying years that indicated negative distributions. These were unrealistic, thus when this occurred the forecast method was removed from the average calculation entirely. The regression results for each model are shown in Appendix I. ${ }^{17}$

## Table 10. Statewide IRP Distribution, County Share, 2009-2019

| Year | County IRP Share |
| :--- | :---: |
| 2009 | $\$ 30,357,776$ |
| 2010 | $\$ 31,433,750$ |
| 2011 | $\$ 33,257,341$ |
| 2012 | $\$ 34,133,826$ |
| 2013 | $\$ 34,102,690$ |
| 2014 | $\$ 36,380,037$ |
| $2015^{*}$ | $\$ 37,826,661$ |
| $2016^{*}$ | $\$ 39,612,134$ |
| $2017^{*}$ | $\$ 42,413,268$ |
| $2018^{*}$ | $\$ 48,150,890$ |
| $2019^{*}$ | $\$ 62,085,832$ |

*Projected
To put these projections in context and simplify the interpretation of our results, the future statewide projections are shown in Table 10. The totals are based on the sums of county-level forecasts. Included are actual numbers from 2009 through 2014. The revenue projection is the amount the counties are expected to keep; it does not include final distributions to municipalities or townships. The projections increase slowly at first. Increases accelerate significantly in 2018 and 2019. The time-trend-squared models are primarily responsible for this sharp uptick, which

[^13]should be interpreted cautiously, as the other models do not show as strong of an increase. Beyond the three-year mark, the time-trend-squared model diverges substantially from the time-trend and lag models. Our future economic prospects are uncertain, however. For example, if a deep recession were to occur during the forecast period, even the more conservative forecast models may overestimate revenues.

Figure 10. Forecasted Change in County IRP Revenue, 2014-2017


Despite uniform upward trajectory in IRP county revenue forecasts at the state level, the individual county projections look quite different. The variation is based on the individual trend line for each county, which typically has greater volatility (and therefore statistical noise) than the state-level forecast. The forecasted percent change in revenue between 2014 and 2017 is reported in Figure
10. Positive revenue trends are indicated in green, and negative revenue trends in red. Lighter shades of either color indicate a change of 10 percent or less over the time period, whereas darker shades of red and green signify a change of more than 10 percent.

The Figure 10 forecast anticipates three-year growth over 10 percent in 27 counties, and growth of less than 10 percent for an additional 32 counties. As such, we expect revenue growth in 59 of Ohio's 88 counties. Conversely, 24 counties have a projected loss of revenue of less than 10 percent, and in five cases we expect declines larger than 10 percent. Overall, the revenue picture appears to be positive in most contexts. However, a non-negligible number of counties face declining revenues, just as local funds for highway infrastructure maintenance and enhancements from federal and state sources are stagnating. Even in counties where the forecasts project revenue growth, IRP funds are not distributed as equitably as many officials would like.

A correlation coefficient, which measures the strength of association between two variables, was calculated to relate the number of out-of-state vehicles in each county to the percent change variable used to create Figure 10. The resulting coefficient (.033) was weak, which indicates there is little association between out-of-state vehicles and projected revenue changes. The lack of association does not mean out-of-state jurisdiction shopping is disconnected from revenue losses. Given that these vehicles are typically never registered in Ohio, the impacts would not appear in a model that does not use out-of-state registrations to project revenue effects. Our intuition was that the forecasting models might be driven by indirect economic effects, but these trends are independent of the jurisdiction shopping issue. There are positive revenue projections for counties in which potentially large numbers of out-of-state registrations are domiciled (e.g. Mahoning County), and negative projections for counties where jurisdiction shopping is not a significant issue (e.g. Brown County).

## Chapter 4. Case Studies

Statewide discussion of the IRP tax distribution, the registration trends and jurisdiction shopping phenomenon, revenue impacts, and revenue forecasts clarify several of the problems with IRP jurisdiction shopping that reverberate in Ohio. However, to appreciate fully the intricacies of the policy issue it behooves us to examine the particulars of this problem at the county level. Specifically, this section develops case studies to provide additional insights into factors not evident from the high-level quantitative analysis. The case studies provide greater detail about issues that emerged from surveys and from conversations with county engineers.

We sent surveys to engineers asking them about trucking industry practices in their county. Questions asked respondents to identify large fleets (50+ vehicles), whether they have noticed a substantial number of commercial vehicles garaged in the county with out-of-state plates, if they have received requests for road improvements by local businesses, the degree to which road improvements are necessitated by heavy volumes of truck traffic, the significance of jurisdiction shopping in their county, the state of IRP revenue disbursements, the degree to which revenue changes may be associated with jurisdiction shopping, and whether they would support changes to the mechanisms that distribute IRP registration fees for large fleets registered out-of-state but domiciled in Ohio. Nineteen of the 88 counties returned surveys, including:

- Allen
- Carroll
- Champaign
- Columbiana
- Coshocton
- Darke
- Defiance
- Geauga
- Greene
- Lake
- Lawrence
- Logan
- Madison
- Mahoning
- Mercer
- Morgan
- Richland
- Sandusky
- Shelby

The responses provide additional information to consider when developing potential policy solutions for the IRP revenue distribution problems. ${ }^{18}$ In some cases, county engineers cited examples of companies missed in the impact study. Several companies moved their registrations out-of-state before 2009, when the available vehicle data starts. Additionally, distribution centers for large multi-state companies were left out of the impact analysis. These companies have primary addresses in other states, so their out-of-state IRP registrations did not emerge during the matching process. Nevertheless, several hundred trucks are domiciled in these distribution centers, which are located throughout Ohio. Verifying these registration numbers is difficult, as carriers have been reluctant to respond to county engineers' requests for information about the size of their fleets. In several cases engineers reported large companies do in fact maintain local registrations. Each case is different.

A few county engineers reported having been approached by representatives of out-of-state trucking companies or by economic development officials in Ohio about upgrading access roads, intersections, and other highway infrastructure near their distribution centers. The difficulty is that engineers have few resources to make such upgrades because only a very small fraction of the registration fees actually make it back to their counties when vehicles are registered in other jurisdictions. Ohio County Engineers would like to assist with economic development and local

[^14]industry needs, but they lack funding to make some of the requested improvements in areas that have lost funding due to jurisdiction shopping.

Specifically, shale-drilling companies have approached at least one Ohio County Engineer about improving roadways that were originally designed to handle agricultural and residential traffic. They sought enhancements that would make the roads amenable to vehicles and traffic levels associated with the industry. Large distribution companies have proposed projects related to terminal or distribution center expansions. Further, heavy truck traffic requires substantial road maintenance that has not been requested but is nevertheless necessitated by motor carrier operations. These projects may include resurfacing, in-place recycling, full-depth repairs, mill and fill, installation of traffic signals and turn lanes, as well as additional projects specific to particular requests. Some engineers reported they have not received these requests.

When asked whether they would support changes to IRP registration distribution methods to help counties with large fleets offset losses due to jurisdiction shopping, most engineers agreed. Specifically, 12 of 19 engineers responded "yes" or provisionally agreed, assuming that the resulting impact did not cost their county revenue or impact Roadway Use and Maintenance Agreement (RUMA) processes currently in place. Five others were unsure how severely the problem affected their county, or they requested more information about the issue. Those engineers who did not support changes usually cited concerns about revenue losses. One engineer contended that most large companies have distribution centers by interstates and do not make heavy use of local roads.

Some engineers noted that alternative approaches - aside from changing the revenue distribution - might be warranted. One respondent suggested tax credits might help counties attract economic development and persuade businesses to site facilities locally. Another respondent
suggested looking at the administrative costs that Ohio’s Departments of Transportation or Public Safety recoups from IRP revenues, and determine whether those administrative costs could be reduced or shared more equitably. Another engineer suggested a cost-sharing mechanism be put in place for companies that operate vehicles in multiple counties so that registration fees are shared based on actual operations.

Based on our survey results and the empirical evidence analyzed in Chapter 3, four counties will be profiled in this chapter: Clinton County, Mahoning County, Franklin County, and Butler County. We selected Clinton County because it is where jurisdiction is most consequential; it has cost the county millions in IRP revenues. We chose Mahoning County because it has several significant issues not obvious from our quantitative analysis. The quantitative analysis missed some of problems that have arisen due to jurisdiction shopping. Franklin County was included because we estimated its losses were second highest behind Clinton County. However, Franklin's issues are somewhat different because most of the jurisdiction shopping has been pursued by carriers located in a municipality rather than a township. Butler County was chosen because it also faces a number of unique challenges, including a decline in registrations from 2012 to 2013, a large out-of-state impact due to jurisdiction shopping, and a shared border with Indiana, the state where the vast majority of out-of-state registrations are logged.

## Case Study 1: Clinton County

Clinton County is located in southwestern Ohio. According to the U.S. Census Bureau's 2014 estimate, it has a population of 41,835 . The Bureau's County Business Patterns data indicates there were 888 workers employed by 13 establishments in the truck transportation industry in $2012 .{ }^{19}$

[^15]The annual payroll in 2012 for this industry was approximately $\$ 33.4$ million. According to the Ohio's IRP vehicle data, there were 258 vehicles registered to 71 distinct USDOT numbers in Clinton County during $2013^{20} 21$. For 2015, The number of out-of-state vehicles registered to Ohio carriers in the initial impact analysis of Clinton County was 5,810 - the largest of any county. Based on that vehicle count, the estimated IRP impact on the county (excluding townships and municipalities) is $\$ 3.13$ million for the current year.

Clinton County's situation revolved almost entirely around a single carrier based in Wilmington. In 2008, the Ohio-based carrier decided to move all of its IRP truck registrations from Clinton County to Indiana. Current vehicle registration records indicate the company has 5,804 trucks registered in Indiana, which are all but six of the out-of-state vehicles registered in the county. Attempts by Clinton County Engineer Jeff Linkous to convince the company to repatriate those registrations to Ohio have so far been unsuccessful.

According to the Wilmington News-Journal, the company moved its IRP licensing because it was easier for the company to register online, and there were significant cost savings associated with registering the plates in Indiana (Huffenberger, 2015). Cost reductions stemmed from a reduction in the company's administrative effort to register trucks in Indiana as compared to the effort required to register the trucks in Ohio. Fees unrelated to the specific IRP registration costs also contributed to cost reduction. These additional fees, Linkous estimated, amounted to \$75,000 for the company for 5,000 vehicles. This is a fraction of the windfall the county would enjoy were the registrations reverted to Ohio. The company still must remit IRP registration fees to Ohio, but

[^16]only a small portion of those fees go to Clinton County because of the distribution mechanisms. Linkous noted that the funds would make more maintenance, enhancements, and repairs possible. Representatives for the company said that it would provide Ohio assistance in improving its own registration process and is still committed to the well-being of Clinton County.They mentioned plans to expand corporate headquarters, which would bring an additional 200 jobs to the area. Of course, neither of these factors improve revenue shortfalls that challenge local and state officials responsible for maintaining roads in Clinton County.

According to a 2014 estimate assembled by the Tax Distribution Section of the ODPS, Clinton County has lost an estimated $\$ 2.6$ million a year in IRP distribution revenue. ${ }^{22}$ Our estimate is even higher, at $\$ 3.13$ million. The difference is based on the assumptions made in the methodology of both estimates. The earlier ODPS estimate is based on former registrations held in $2008(4,775)$, and includes the specific plates associated with each vehicle. Their estimate also included other fees and taxes beyond the scope of this study. Nevertheless, when our methodology is used on the same number of vehicles, the estimated impact is $\$ 2.58$ million, which is very close to the ODPS estimate. Because specific weight information was not available, we assumed a distribution similar to the state's overall IRP distribution. In addition, administrative fees and interest were not taken into account in our estimate.

Figure 11 shows the projected IRP revenues for Clinton County from 2015 through 2019. Instead of using the weighted average of the three forecasts (which is used in the IRP calculator tool created as part of this analysis), only the time trend is shown here. ${ }^{23}$ Time trends tend to be somewhat conservative and more likely to yield positive revenue trends over the long term

[^17]compared with the other models, but their year-to-year changes are less pronounced. The trendsquared model and lag models show stagnating or even declining IRP revenues for Clinton County.

Regardless of which forecast proves correct, the impact will only
Figure 11. Clinton County IRP Impact Forecast, 2015-2019

be a fraction of the potential revenue the county would collect if the county's outstanding registrations we repatriated to Ohio. The impacts were calculated for 2015 based on the methodology described in section 3.1 and indexed according to its 2015 proportion of the timetrend forecast for 2016-2019. The model shows the projected revenue with the red square plot. Potential revenue that could be collected if all of the county's out-of-state registrations were returned to Ohio is depicted by the green triangle plot. The shaded area between the two represents the difference - or impact - to the county.

Projected revenue, under the current registration arrangement, increases from \$163,456 in 2015 to $\$ 172,232$ in 2019. If the slow, steady growth of the time-trend forecast persists, the total revenue for Clinton County over the five-year forecast period is $\$ 839,220$. If the out-of-state registrations (which are the current out-of-state registrations corresponding to companies located
in the county) were repatriated, the potential revenue recouped over this period would be $\$ 16.93$ million. The potential difference to Clinton County over a 5 -year period would exceed $\$ 16$ million. A shift of this magnitude would dramatically change the outlook for county road maintenance and enhancements in Clinton County.

## Case Study 2: Mahoning County

Mahoning County is located in northeastern Ohio, and according to the U.S. Census Bureau's 2014 estimate has a population of 233,204 . According to the Bureau's County Business Patterns data, there were 1,224 workers employed by 87 establishments in the truck transportation industry in 2012. The annual payroll for the industry in 2012 was approximately $\$ 54.3$ million. According to the Ohio's IRP vehicle data, there were 3,885 vehicles registered to 324 distinct USDOT numbers in Mahoning County during 2013. ${ }^{24}$ The number of out-of-state vehicles registered to Ohio-based carriers in the initial impact analysis of Mahoning County was 127 for 2015. Based on that vehicle count, the estimated IRP impact on the county (excluding townships and municipalities) is $\$ 68,133$ for the current year.

The impact analysis as originally conceived does not fully account for all of the potential jurisdiction shopping issues in Mahoning County. Mahoning County Engineer Randy Partika provided examples of companies with distribution centers located in the county but whose primary addresses are listed in other jurisdictions. These carriers were not included because without firsthand knowledge there was no way of knowing which carriers with primary addresses outside Ohio have distribution centers in the state. The two examples are large distribution companies that plate in Indiana. Both house approximately 100 trucks at their distribution centers, adding 200 trucks to the original estimate. One of the two companies is expanding a terminal, which will

[^18]translate to an additional 100 trucks in the area, with the possibility of adding 100 more. Thus, Mahoning County will soon have 300 to 400 trucks using its roadways that were not accounted for in the original impact estimate.

To recalculate the impact analysis and index it to the time trend forecast, we added 300 trucks to the current Mahoning County out-of-state IRP registration estimate of 127. This yielded an estimate of 427 out-of-state registrations for Mahoning County in 2015, although depending on the speed of the companies' expansion some of these registrations may not be a factor until next year. Each of the additional vehicles would be registered with a township instead of a municipality, which equates to 425 township registrations and 2 municipality registrations. The estimate still uses the weighted plate average, which may be a bit conservative, as most of the trucks are said to be 18 -wheelers, which usually register on the 78,001-pound plate. The 2015 impact estimate grows from $\$ 68,133$ to $\$ 230,145$. It is plausible that such carriers are operating around the state under similar circumstances, and paying indirectly to the state's out-of-state funds netting transactions, which are applied to existing in-state registrations as loss compensation and to the annual excess compensation distribution.

Another factor contributing to the Mahoning County situation is that jurisdiction shopping at one time had far greater impact than it does currently. Mahoning County's registrations dropped from 3,625 in 2008 to 2,858 in 2009 and stabilized in 2010. Most of that drop was due to the loss of another large company that also moved its registrations to Indiana. According to the ODPS impact estimate, this move cost Mahoning County \$445,029 annually. ${ }^{25}$ Partika had discussions with company executives about how out-of-state registrations influenced the distribution of IRP registration fees. Once aware of the issues, the company agreed to switch its registrations back to

[^19]Mahoning Count in 2010, thereby stemming the losses. Had this situation persisted, our estimates indicate that Mahoning County would potentially lose nearly $\$ 700,000$ each year in IRP disbursements. However, the process of convincing a carrier to repatriate can be difficult and timeconsuming task. In Partika's opinion, carrier-by-carrier negotiations are not a viable long-term strategy.

Figure 12. Mahoning County IRP Impact Forecast, 2015-2019


Figure 12 shows the time-trend forecast for Mahoning County for 2015 to 2019. The time-squared-trend forecast indicates that revenues will stagnate at roughly $\$ 1.8$ million for the entire period, the lag model shows a precipitous drop, and the weighted model suggests gradual drop in revenues. The time-trend model is the most optimistic of the four forecasts created for this particular county. To reiterate, time-trend forecasts created with only six years of back data tend to be volatile and noisy, and as such are subject to considerable variation. Projected revenue increases steadily from $\$ 2.05$ million to $\$ 2.62$ in 2019, which means the total IRP revenue for Mahoning County totals $\$ 11.68$ million over the five-year period. If all out-of-state registrations
with Ohio carriers in located Mahoning County were reestablished in the state, the additional registrations would contribute \$1.31 million in additional revenue between 2015 and 2019.

## Case Study 3: Butler County

Butler County is located in southwestern Ohio, and according to the U.S. Census Bureau's 2014 estimate has a population of 374,158 . According to the Bureau's County Business Patterns data, there were 3,412 workers employed by 115 establishments in the truck transportation industry in 2012. The annual payroll for the industry in 2012 was approximately $\$ 168.8$ million. According to the Ohio's IRP vehicle data, there were 2,585 vehicles registered to 344 distinct USDOT numbers in Butler County during 2013. ${ }^{26}$ The number of out-of-state vehicles registered to Ohiobased carriers in the initial impact analysis of Butler County was 204 for 2015. Based on that vehicle count, the estimated IRP impact on the county (excluding townships and municipalities) was $\$ 97,641$. Butler County's registration history is quite unusual.

Figure 13. Butler County IRP Registrations, 2005-2013


[^20]Figure 13 indicates that Butler's registration totals dropped abruptly between 2012 and 2013 from 3,180 to 2,323. In fact, the registration patterns have been somewhat erratic for the entire period for which county-level figures are available. Registrations dropped from 3,308 in 2005 to 2,403 in 2006, before returning to 3,030 in 2007. They dipped slightly in 2008 before plummeting in 2009, sharply rising in 2010, and stabilizing for two years before plummeting again in 2013. The IRP impact analysis found 204 vehicles plated in other states that belonged to carriers located in Butler County. The large variability in these data suggests there were erratic business and economic patterns or even cases of jurisdiction shopping not picked up by the initial analysis.

The forecast and potential impact for 2015 through 2019 is depicted in Figure 14. The projected increase in revenue runs from $\$ 1.05$ million in 2015 to $\$ 1.13$ in 2019. This is a very slight increase, and might be on the high side if the alternative forecasts are better predictors of future revenues. The time-trend-squared model predicts stagnant revenues, and the lagged and averaged models predict a substantial decline in revenue. However, sticking with the time-trend model, the expected impact rises from $\$ 97,641$ in 2015 to $\$ 105,281$ in 2019. Over the five-year period, projected revenue is $\$ 5.47$ million, but this number would increase to $\$ 5.98$ million if the out-of-state registrations of vehicles housed in the county were registered in Butler County. This would push up the estimated impact over the same period to $\$ 507,304$. These IRP impacts are not as large as in Clinton, Mahoning, or Franklin Counties, but the distortion may have a negative impact on the county engineer's ability to maintain local roads.

In 2013, The Journal-News reported that Butler County officials approved a local tax abatement to assist a multistate carrier with the expansion of its operations in Hamilton (Schwartzberg, 2013). The company, which has nearly 1,300 registered IRP vehicles, has its primary address in Wisconsin. Of its fleet, there are 13 vehicles registered in Ohio, but we cannot
know if that reflects the number of vehicles domiciled in the county without more follow up. Another reason for the erratic registration numbers is that another large company had 627 registrations in Butler County in 2012, but all of those registrations disappeared in 2013. The associated USDOT number is no longer active, and it is not clear whether this business ceased operations, moved operations, or turned transit over to another freight and logistics company. Both of these companies may impact on the IRP registrations that do not register in the impact estimate and forecast provided in Figure 14.

Figure 14. Butler County IRP Impact Forecast, 2015-2019


## Case Study 4: Franklin County

Franklin County is located in central Ohio, and according to the U.S. Census Bureau’s 2014 estimate has a population of $1,231,393$. Based on the Bureau's County Business Patterns data, there were 8,845 workers employed by 340 establishments in the truck transportation industry in 2012. The annual payroll in 2012 was approximately $\$ 370.8$ million for those employees. According to the Ohio's IRP vehicle data, there were 9,560 vehicles registered to 783 distinct

USDOT numbers in Franklin County during 2013. ${ }^{27}$ The number of out-of-state vehicles registered to Ohio-based carriers in the initial impact analysis of Franklin County was 4,597 for 2015. Based on that vehicle count, the estimated IRP impact on the county (excluding townships and municipalities) was $\$ 1.45$ million for the current year.

Franklin County has more out-of-state vehicles registered to its carriers than any other county except Clinton County. Unlike Clinton County, there are 88 Franklin County carriers of various sizes that have out-of-state IRP registrations. The county has 9 carriers with 50 or more trucks registered in another state, and 8 more with 10 to 21 carriers registered in another state. These 17 medium- and large-sized carriers account for 96.5 percent of all out-of-state registrations in Franklin County. Nevertheless, having the out-of-state registrations spread across 17 distinct carriers poses a greater challenge for the County Engineer’s Office than if a single carrier were responsible.

A complicating factor is the distribution of carriers among municipal taxing districts. Franklin County is essentially the inverse of Clinton County in that 99 percent of all its out-of-state registrations are in municipal taxing districts. This means a smaller potential revenue impact to the county because a large chunk of those revenues will go to the municipalities in the county. This study has focused on the impact to the counties, but other Ohio taxing districts are affected by jurisdiction shopping, particularly municipalities. The 2015 revenue impact for Franklin County municipalities is $\$ 1.03$ million. The overall township impact is only $\$ 1,335$ - an amount that gets divided between each of the townships in Franklin County.

Figure 15 reports the Ohio IRP revenue projections for Franklin County from 2015 through 2019 as well as the potential revenue the county would collect if its carriers with out-of-state

[^21]registrations repatriated them to Ohio. The projected revenue based on the time-trend forecast increases steadily from $\$ 2.85$ million in 2015 to $\$ 3.3$ million in 2019. All of the forecasting models project IRP revenue increases for Franklin County, with the time-trend model being the most conservative. As noted previously, the out-of-state revenue impact is calculated to be $\$ 1.45$ million and is projected to increase to $\$ 1.70$ million by 2019. The five-year impact for out-of-state registrations on Franklin County IRP revenues is $\$ 7.86$ million, and would be the difference between $\$ 15.48$ million projected and $\$ 23.33$ million potential revenue over that time.

Figure 15. Franklin County IRP Impact Forecast, 2015-2019


## Chapter 5. Conclusion

The primary objective of this study was to determine the degree to which jurisdiction shopping impacts the distribution IRP registration fees to Ohio counties and taxing districts. Jurisdiction shopping occurs when a carrier based in one state registers vehicles in another state, usually to avoid related taxes, fees, or for greater convenience if another state has a more streamlined registration process. Some county engineers in Ohio have noticed large fleets of trucks operating in their area but registered in another state. As a result, our analysis focused on the county level because most of the IRP revenue goes to counties, and not to townships or municipalities.

Ohio's motor vehicle license taxes are distributed based on a complex distribution formula. It contains distribution allocations for state use, administrative costs, and distributable revenue and interest for counties and taxing districts. Chapter 1 outlined this mechanism in detail. Essentially there are two pools of funds: in-state IRP registrations and out-of-state IRP registrations. Because IRP registrations are prorated according to the mileage reported in each state, only a percentage of the registration fees stay in Ohio. To alleviate the negative impacts of this arrangement, Ohio supplements the distributable revenue with out-of-state registration revenue so that local taxing districts receive the same amount of revenue that they would have from an intrastate truck plate. At the end of each year, remaining revenue is apportioned through the annual excess compensation, which allocates revenue based on each county's share of all motor vehicle license tax revenue, not just license revenue from interstate commercial trucks.

Registration location is what anchors the funding to the taxing district. Carriers can legally register their vehicles in another state, but when they do, the money once intended for the county, city, or town they are located in flows into the out-of-state revenue pool. The money is used for loss compensation of the remaining in-state registrations or is distributed in the annual excess
compensation distribution, which uses different criteria for disbursement. The state receives the same amount of IRP fees from these carriers, but it is apportioned much differently compared to when those carriers register in the state. As a result, counties where this practice is most common are losing a substantial amount of revenue.

Registration trends from 2009 to 2013 provide an interesting context in which to analyze jurisdiction shopping by Ohio-based carriers. Even using vehicle data to track IRP registrations over time makes it difficult to identify vehicles that were once registered in Ohio but are now registered in another IRP state. A better approach - and the one adopted during analysis - is to identify Ohio-based carriers with vehicles plated elsewhere. This method revealed 20,601 vehicles registered to carriers whose primary address listed in Ohio. The vast majority of these trucks belong to carriers with medium-to-large fleets. We cannot know for certain how many of these vehicles are domiciled or garaged in the state. However, following the basic ideal that every truck belonging to an Ohio-based carrier is apportionable and should be registered in-state, it is possible to calculate the revenue impacts of these registrations.

In 2015, the statewide revenue effects due to jurisdiction shopping were estimated at $\$ 10.13$ million for counties, $\$ 684,997$ for townships, and $\$ 2.89$ million for municipalities. These estimates assumed the additional revenue that would accrue to each Ohio taxing district if every IRP truck belonging to an Ohio carrier bore an in-state registration. The direct, county-specific impacts (excluding townships, municipalities or indirect county impacts) vary greatly from county to county. In 14 counties, there was no impact; another 38 counties saw an impact of less than $\$ 10,000$. Seventeen counties had revenue displacement between $\$ 10,000$ and $\$ 49,999$. The next nine counties faced more substantial loses: between $\$ 50,000$ and $\$ 99,999$. The study estimated that four counties would lose between $\$ 100,000$ and $\$ 199,999$ in registration fees. Three other
counties lost between $\$ 200,000$ and $\$ 600,000$. The three biggest losers were Clinton County (\$3.13 million), Franklin County ( $\$ 1.45$ million), and Hamilton County ( $\$ 822,916$ ). Thus, the most significant impacts were concentrated in 19 Ohio counties. We did not produce estimates for each township and municipality.

Case studies and surveys of Ohio County Engineers provided additional information about the dynamics of this issue. In surveys, most county engineers supported reallocating funds to make up for these impacts, although a few opposed this and others requested more information on the issue. Another potential source of IRP truck impacts is for large, multi-state carriers with large distribution terminals around the state whose trucks are also garaged or domiciled in Ohio. There was no way to include reliable counts of vehicles, unless specific numbers could be obtained from county engineers. Another issue to consider is economic development. Carriers sometimes make requests for improvements to access roadways and other infrastructure enhancements that are expensive for local authorities to build and maintain. This causes an equity issue with the distribution of IRP funds; there is an economic development component as well. The inability to quantify the impacts of lost fees due to multi-state carriers and externalities such as economic development costs means these estimates may understate the total IRP revenue impacts.

Ultimately, if out-of-state IRP registrations belonging to Ohio carriers were to be repatriated to the state, there would be a back-end impact that would reduce the amount of funding available for the excess annual compensation process. Without knowing which carriers could be recruited to return those registrations, the actual direct and indirect impacts could be significantly different from the initial estimates. Any assumptions used as a proxy are potentially tenuous and problematic. Second, these calculations do not speak to any potential impact on state revenues. The study's task was to estimate the impact of IRP jurisdiction shopping on Ohio counties and
local taxing districts - not estimate state-level impacts. There exists the possibility that the state is also losing significant revenue to its Highway Safety Fund because of the difference in how instate and out-of-state registration fees are assessed. Nevertheless, these issues can be addressed in the long-term solutions that flow out of Phase II of this study, if approved.

### 5.1 Recommendations for Implementation of Research Findings

If Phase II proceeds, Ohio officials and the research team will need to consult about the potential marketing strategies and tools, as well as long-term state strategies that are available to improve IRP distributions. The technical advisory committee will need to decide: (1) whether to pursue a solution that solely addresses the distribution equity or one that tackles the economic development issue; (2) whether the excess annual compensation funds should be used to remediate problems with equity or if another source of funding is preferable; (3) if a reporting mechanism for domiciled vehicles should be established so that it is easier for Ohio County Engineers to address jurisdiction shopping; (4) on policy solutions that best addresses the issue; and (5) on the general direction for the types of marketing strategies and tools most useful to engineers. The research team has developed an IRP fleet impact estimator, which Ohio County Engineers can use to estimate the impact of a fleet in their county that will be shifting its registrations to another state. The calculator lets users select the county from a drop-down menu before inputting fleet information. The tool estimates the impact on the county, township, and municipalities where the carrier is located. The tool uses the same methodology as the impact assessment in Chapter 3.

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## Appendices

| Appendix | Description |
| :---: | :--- |
| A | IRP County Revenue, 2009-2014 |
| B | IRP Statewide Taxing Distributions, 2009-2014 |
| C | IRP Annual Excess Compensation, 2009-2014 |
| D | IRP Out-of-State Registration Impact by County, 2015 |
| E | IRP County Revenue Forecast, 2015-2019 |
| F | IRP Case Studies Data for Clinton, Mahoning, Butler, and Franklin County |
| G | ODPS Impact Estimate for Clinton County |
| H | ODPS Impact Estimate for Mahoning County |
| I | State IRP Forecast Output |
| Appendices A-H are in an accompanying Excel document. |  |

## Appendix I. State IRP Forecast Output

## County Time Trend Estimates

```
. reg adams year
```


reg allen year

. reg ashland year


- reg ashtabula year

Source | SS df MS Number of obs = 6


| ashta | Coef. | Std. | $P>\|t\|$ |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 5223.4 | 4168.041 | 1.25 | 0.278 | -6348.937 | 16795.74 |
| _cons | 251837.3 | 16232.19 | 15.51 | 0.000 | 206769.5 | 296905 |

reg athens year

. reg auglaize year

. reg belmont year
Source | SS df MS Number of obs =6


- reg brown year


- reg butler year

Source | SS df MS Number of obs =6


- reg carroll year

. reg champaign year


| champaign \| Coef. |  | Std. Err | $P>\|t\|$ |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 3762.114 | 948.3566 | 3.97 | 0.017 | 1129.054 | 6395.174 |
| _cons | 116858.6 | 3693.318 | 31.64 | 0.000 | 106604.3 | 127112.9 |

. reg clark year


| clark | Coef. Std. Err. t |  | \|t| | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | -36248.74 | 10055.26 | -3.60 | 0.023 | -64166.63 | -8330.857 |
| _cons | 409028.3 | 39159.62 | 10.45 | 0.000 | 300303.7 | 517752.8 |

. reg clermont year
Source | SS df MS Number of obs = 6

reg clinton year

reg columbiana year

. reg coshocton year


Total | $318431570 \quad 5 \quad 63686313.9 \quad$ Root MSE $=8921.9$

| coshocton \| Coef. |  | Std. Err. t $P>\|t\|$ |  |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | -43.91429 | 2132.731 | -0.02 | 0.985 | -5965.324 | 5877.495 |
| _cons | 166602.2 | 8305.793 | 20.06 | 0.000 | 143541.6 | 189662.8 |

. reg crawford year


- reg cuyahoga year

. reg darke year

reg defiance year
Source | SS df MS Number of obs =6

```
    Model | 2.6429e+10 1 2.6429e+10 Prob > F = 0.0023 = 40.29
        Residual | 2.1890e+09 4 547253537 R-squared = 0.9235
```



## . reg fayette year



| Residual \| | 56416333.4 |  | 14104083.3 |  |  | $\begin{aligned} & \text { R-squared }= \\ & \text { Adj R-squared }= \\ & \text { MSE }=3755.5 \end{aligned}$ | $\begin{aligned} & =0.5966 \\ & =0.4957 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Total | 139849506 | 5 | 279 | 01.2 | Root |  |  |
| fayette \| Coef. |  | Std. Err. |  | $\mathrm{P}>\|\mathrm{t}\|$ |  | 95\% Conf. Interval] |  |
| year | 2183.486 | 897. | 459 | 2.43 | 0.072 | -309.0564 | 4676.028 |
| _cons | 134243.8 | 3496 | 218 | 38.40 | 0.000 | 124536.7 | 143950.9 |

. reg franklin year

. reg fulton year

reg gallia year

reg geauga year
Source | SS df MS Number of obs $=6$


. reg greene year


## . reg guernsey year


. reg hamilton year

reg hancock year
Source | SS df MS Number of obs = 6

reg hardin year


- reg harrison year

. reg henry year

. reg highland year

. reg hocking year

reg holmes year

reg huron year
Source | SS df MS Number of obs = 6

reg jackson year

. reg jefferson year

. reg knox year

| Source \| | SS df MS | Number of obs $=6$ |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Model \| | 758819183 | 1 |  | ------ | -- Prob | $\begin{array}{llr} F( & 1, & 4) \\ > & = & 0.0000 \end{array}$ | $=588.72$ |
| Residual | 1 \| 515569 |  | 4 | 128892 |  | R -squared | $=0.9933$ |
| Total \| | 763974876 | 5 |  | 794975 | Root | Adj R-squared <br> MSE = 1135.3 | $=0.9916$ |
| knox \| Co | oef. Std | Err. |  | $\mathrm{P}>\|\mathrm{t}\|$ | [95\% C | onf. Interval] |  |
| year | 6584.914 | 271. |  | 24.26 | 0.000 | 5831.414 | 7338.415 |
| _cons \| | 182834.8 | 1056 |  | 172.99 | 0.000 | 179900.3 | 185769.3 |

. reg lake year


## reg lawrence year


reg licking year

reg logan year

reg lorain year


- reg lucas year



## . reg madison year



. reg mahoning year

reg marion year
Source | SS df MS Number of obs = 6

reg medina year

reg meigs year


- reg mercer year

. reg miami year


| _cons \| | 274746.3 | 10105.32 | 27.19 | 0.000 | 246689.4 | 302803.1 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

. reg monroe year

reg montgomery year

reg morgan year
Source | SS df MS Number of obs =6

| Model \| Residua |  |  | 203573598 Prob |  |  | $\begin{array}{llr} F( & 1, & 4) \\ > & = & 0.0003 \end{array}$ <br> R-squared | 141.79 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 203573598 | 1 |  |  |  |  |  |
|  | \| 57430 | 89.1 | 41435772.28 |  |  |  | $=0.9726$ |
| Total \| | 209316687 | 5 | 418 | 37 . 5 | Root | Adj R-squared <br> MSE $=1198.2$ | 0.9657 |
| morgan \| Co | ef. Std. | Err. |  | \|t| | [95\% C | nf. Interval] |  |
| year | 3410.686 | 286. | 335 | 11.91 | 0.000 | 2615.419 | 4205.953 |
| _cons \| | 77858.27 | 1115 | 498 | 69.80 | 0.000 | 74761.15 | 80955.39 |

reg morrow year
Source | SS df MS Number of obs = 6


| year _cons | $\begin{aligned} & 2203.457 \\ & 123672.7 \end{aligned}$ | $\begin{array}{r} 1036.42 \\ 4036.277 \end{array}$ | $\begin{array}{r} 2.13 \\ 30.64 \end{array}$ | $\begin{aligned} & 0.101 \\ & 0.000 \end{aligned}$ | $\begin{array}{r} -674.1068 \\ 112466.2 \end{array}$ | $\begin{aligned} & 5081.021 \\ & 134879.2 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| . reg muskingum year |  |  |  |  |  |  |
| Source | SS df MS | Number of obs $=6$ |  |  | $\begin{array}{llr} F( & 1, & 4) \\ > & F & 0.0862 \end{array}$ | $=\quad 5.13$ |
| Model | $1.1672 \mathrm{e}+09$ | $126^{1} 1.1$ | 2e+09 | $31 \text { Prob }$ |  |  |
| Resid | al \| 90963 |  | 227409 |  | R -squared | $=0.5620$ |
| Total | $2.0768 \mathrm{e}+09$ | 541 | 57636 | Root | Adj R-squared MSE = 15080 | $=0.4525$ |
| muskin | um \| Coef. | Std. Err. | P>1 | [959 | 95\% Conf. Inter | val] |
| year | 8166.657 | 3604.834 | 2.27 | 0.086 | -1841.967 | 18175.28 |
| _cons | 244276.2 | 14038.81 | 17.40 | 0.000 | 205298.2 | 283254.2 |

- reg noble year

. reg ottawa year

. reg paulding year

paulding | Coef. Std. Err. t $\mathrm{P}>\mid \mathrm{t\mid}$ [95\% Conf. Interval]

| year | 6234.457 | 2556.403 | 2.44 | 0.071 | -863.2557 | 13332.17 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| _cons | 122272.4 | 9955.76 | 12.28 | 0.000 | 94630.78 | 149914 |

reg perry year

reg pickaway year

. reg pike year

. reg portage year

| Source | SS df MS Num |  | er | obs |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  | 4) | $=$ | 73.82 |
| Model \| 1 | 1.1864e+10 | 1 | 1.18 | 4e+10 | Prob | > F | = | 0.0010 |  |  |
| Residual | \| 642828439 |  | 4 | 16070 |  | R-s | quar | red | $=$ | 0.9486 |
|  |  |  |  |  |  | Adj | R- | squared | = | 0.9358 |
| Total \| | $1.2507 \mathrm{e}+10$ | 5 | 2.50 | $4 \mathrm{e}+09$ | Root | MSE | - | 12677 |  |  |


| portage \| Coef. |  | Std. Err. t P>\|t| |  |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 26037.51 | 3030.39 | 8.59 | 0.001 | 17623.8 3 | 34451.23 |
| _cons | 464775.5 | 11801.67 | 39.38 | 0.000 | 432008.8 | 497542.2 |

. reg preble year

. reg putnam year

| Source \| SS df MS Number of obs $=6$ |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Model \| 379990381 |  |  |  |  |  | F( 1, 4) | 5.77 |
|  |  |  |  | 90381 | Prob | R-squared | 0.5905 |
| Residual | \| 263504818 |  | 465876204.5 |  |  |  |  |
| Total \| | 643495199 | 5 |  | 99040 | Root | Adj R-squared <br> MSE $=8116.4$ | $=0.4881$ |
| putnam \| Co | ef. Std. | Err. |  | \|t| | [95\% Co | onf. Interval] |  |
| year \| | 4659.8 | 1940 |  | 2.40 | 0.074 | -727.0434 | 10046.64 |
| _cons \| | 199341.5 | 7555 |  | 26.38 | 0.000 | 178362.8 | 220320.3 |

. reg richland year
Source | SS df MS Number of obs = 6

reg ross year
Source | SS df MS Number of obs = 6



- reg sandusky year



## . reg scioto year

Source | SS df MS Number of obs $=6$


- reg seneca year

. reg shelby year


| shelby | Coef. Std. Err. t |  | $\|t\|$ | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | -9603.371 | 3270.928 | -2.94 | 0.043 | -18684.92 | -521.8184 |
| _cons | 569175.5 | 12738.44 | 44.68 | 0.000 | 533807.9 | 604543 |

. reg stark year

reg summit year

reg trumbull year


- reg tuscarawas year


Total | $5.0677 \mathrm{e}+09 \quad 5 \quad 1.0135 \mathrm{e}+09 \quad$ Root MSE $=11086$

| tuscarawas \| Coef. |  | Std. Err | $P>\|t\|$ |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 16170.83 | 2649.967 | 6.10 | 0.004 | 8813.3423 | 8. 32 |
| _cons | 357601.9 | 10320.14 | 34.65 | 0.000 | 328948.6 | 386255.2 |

. reg union year

. reg vanwert year

. reg vinton year

| Source \| | SS df MS | Number of obs = 6 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Model \| | 400837072 | -- | 40 | -------- | Prob | $\begin{array}{llr} F( & 1, & 4) \\ > & = & 0.0087 \end{array}$ |  | 22.92 |
| Residual | \| 6995413 |  |  | 41748853 |  | R-squared |  | 0.8514 |
| Total \| | 470791211 | 5 |  | 4158242.2 | Root | Adj R-squared <br> MSE $=4181.9$ |  | 0.8143 |
| vinton \| Co | Coef. Std. | Err. | t | $P>\|t\|$ | [95\% C | onf. Interval] |  |  |
| year \| | 4785.914 | 999. | 724 | 4.79 | 0.009 | 2010.379 |  | 7561.45 |
| _cons \| | 84277.47 | 3893 | 165 | - 21.65 | 0.000 | 73468.31 |  | 95086.62 |

reg warren year
Source | SS df MS Number of obs $=6$


reg washington year

. reg wayne year

. reg williams year


## . reg wood year



. reg wyandot year


## County Time Trend Squared Estimates

```
reg adams year year2
```



- reg allen year year2

$\qquad$
allen | Coef. Std. Err. t P>|t| [95\% Conf. Interval]

| year | -8952 18877.76 |  | 0.668 |  | 9.45 51125.45 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year2 | -438.5714 | 2639.966 | -0.17 | 0.879 | -8840.121 | 7962.979 |
| _cons | 406172 | 28855.04 | 14.08 | 0.001 | 314342.4 | 498001.6 |

- reg ashland year year2

reg ashtabula year year2

- reg athens year year2

. reg auglaize year year2
Source | SS df MS Number of obs = 6

auglaize | Coef. Std. Err. t P>|t| [95\% Conf. Interval]

| year | 16831.51 | 7588.988 | 2.22 | 0.113 | -7320.037 | 40983.06 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year2 | -1884.089 | 1061.285 | -1.78 | 0.174 | -5261.57 | 1493.392 |
| _cons | 212948.9 | 11599.93 | 18.36 | 0.000 | 176032.8 | 865 |

. reg belmont year year2

. reg brown year year2

reg butler year year2

. reg carroll year year2
Source | SS df MS Number of obs $=6$

|  |  |  |  | $F(2,33)$ | $=$ | 4.29 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Model \| | 70016551 | 35008275.5 | Prob | > F = 0.1318 |  |  |
| Residual | \| 24464825.8 | 38154941.95 |  | R -squared | $=$ | 0.7411 |


| Total | 94481376.8 | 18 | 75.4 | Root | $\begin{aligned} & j R \text {-squared } \\ & E=\quad 2855.7 \end{aligned}$ | 0.5684 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ca | 1 \| Coef. | Std. Err. t P>\|t |  |  | \% Conf. Interval] |  |
| year | 6166.496 | 3342.059 | 1.85 | 0.162 | -4469.427 | 16802.42 |
| year2 | -626.875 | 467.3713 | -1.34 | 0.272 | -2114.259 | 860.5091 |
| _cons | 153619.7 | 5108.406 | 30.07 | 0.000 | 137362.5 | 169876.9 |

. reg champaign year year2

. reg clark year year2

. reg clermont year year2
Source | SS df MS Number of obs $=6$

| Model \|Resid |  |  |  |  | $F(2,3)$ | 5.33 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $3.9969 \mathrm{e}+09$ | $21.9985 \mathrm{e}+09$ |  | Prob | > F = 0.1028 |  |
|  | \| 1.1240 | +09 374661362 |  |  | R-squared | 0.7805 |
|  |  |  |  |  | Adj R-squared | $=0.6342$ |
| Total | $5.1209 \mathrm{e}+09$ | 51.0 | $2 \mathrm{e}+09$ | Root | MSE = 19356 |  |
| clerm | ht Coef. | Std. Err | P> | [95 | 95\% Conf. Inter | val] |
| year | 16316.91 | 22652.86 | 0.72 | 0.523 | -55774.62 | 88408.43 |
| year2 | -172.3214 | 3167.897 | -0.05 | 0.960 | -10253.98 | 9909.341 |
| _cons \| | 374209.2 | 34625.37 | 10.81 | 0.002 | 264015.8 | 484402.6 |

reg clinton year year2

reg columbiana year year2

. reg coshocton year year2

. reg crawford year year2



| year2 _cons | $\begin{array}{r} -609.3214 \\ 90991.4 \end{array}$ | $\begin{aligned} & 396.8584 \\ & 4337.694 \end{aligned}$ | $\begin{aligned} & -1.54 \\ & 20.98 \end{aligned}$ | $\begin{aligned} & 0.222 \\ & 0.000 \end{aligned}$ | $\begin{array}{r} -1872.302 \\ 77186.92 \end{array}$ | $\begin{aligned} & 653.6591 \\ & 104795.9 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| . reg cuyahoga year year2 |  |  |  |  |  |  |
| Source \| SS df MS Number of obs $=6$ |  |  |  |  |  |  |
| Model \| | $1.8274 \mathrm{e}+11$ | 29.1 | 2e+10 | Prob | $\begin{array}{lrr} F(r & 2, & 3) \\ > & = & 0.0036 \end{array}$ | $=62.41$ |
| Resid | al \| 4.392 | e+09 3 | 1.4640 e |  | R -squared | $=0.9765$ |
| Total \| | $1.8714 \mathrm{e}+11$ | 53.7 | $7 \mathrm{e}+10$ | Root | Adj R-squared <br> MSE $=38262$ | $=0.9609$ |
| cuyahoga \| Coef. Std. Err. t P>|t| [95\% Conf. Interval] |  |  |  |  |  |  |
| year | 140849.5 | 44778.74 | 3.15 | 0.051 | -1656.418 | 283355.4 |
| year2 \| | -5569.321 | 6262.097 | -0.89 | 0.439 | -25498.11 | 14359.47 |
| _cons \| | 1031972 | 68445.23 | 15.08 | 0.001 | 814148.3 | 1249795 |

reg darke year year2

. reg defiance year year2
Source | SS df MS Number of obs = 6

| Model \| Residua |  |  | $1.3892 \mathrm{e}+10$ |  |  |  | 50.00 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $2.7785 \mathrm{e}+10$ | 2 |  |  |  |  |  |
|  | \| 83354 | 1771 | 3 | 277847 |  |  | $=0.9709$ |
|  | $2.8618 \mathrm{e}+10$ | 5 | 5.7 | ++09 | Root | Adj R-squared $\text { MSE }=16669$ | $=0.9515$ |
| defiance | \| Coef | Std. | Err | $\mathrm{P}>1$ |  | 95\% Conf. Inter | val] |
| year | -3317.104 | 19507 | . 73 | -0.17 | 0.876 | -65399.41 | 58765.2 |
| year2 | 6025.554 | 2728 | 065 | 2.21 | 0.114 | -2656.366 | 14707.47 |
| _cons \| | 166620.3 | 29817 | . 97 | 5.59 | 0.011 | 71726.22 | 261514.4 |

. reg delaware year year2


| delaware \| Coef. |  | Std. Err. t |  | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 4531.707 | 3824.716 | 1.18 | 0.321 | -7640.247 | 16703.66 |
| year2 | -241.0357 | 534.8687 | -0.45 | 0.683 | -1943.227 | 1461.155 |
| _cons | 151450.4 | 5846.158 | 25.91 | 0.000 | 132845.3 | 170055.5 |

- reg erie year year2

. reg fairfield year year2



## reg fayette year year2

Source | SS df MS Number of obs = 6


| fayette \| Coef. |  | $P>\|t\|$ |  |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 7082.486 | 4172.334 | 1.70 | 0.188 | -6195.744 | 20360.72 |
| year2 | -699.8571 | 583.4814 | -1.20 | 0.316 | -2556.755 | 1157.041 |
| _cons | 127711.8 | 6377.499 | 20.03 | 0.000 | 107415.8 | 148007.8 |

reg franklin year year2
Source | SS df MS Number of obs = 6

. reg fulton year year2

. reg gallia year year2


- reg geauga year year2

Source | SS df MS Number of obs =6

reg greene year year2

reg guernsey year year2
Source | SS df MS Number of obs = 6

. reg hamilton year year2

. reg hancock year year2

| Source | SS df MS Numer | Number of obs $=6$ |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  | 2, | 3) | $=$ | 1.99 |
| Model | 697852143 | 2 | 348 | 26071 | Prob | > F | = | 0.2818 |  |  |
| Residual | \| 526181975 |  | 3 | 17539 |  | R-sq | quar |  | + | 0.5701 |
|  |  |  |  |  |  | Adj | R- | squared |  | 0.2835 |
| Total | $1.2240 \mathrm{e}+09$ | 5 |  | 06823 | Root | MSE | - | 13244 |  |  |


| hancock \| Coef. |  | Std. Err. t P>\|t| |  |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 26049.05 | 15499.26 | 1.68 | 0.191 | -23276.52 | 75374.62 |
| year2 | -3090.411 | 2167.499 | -1.43 | 0.249 | -9988.361 | 3807.54 |
| _cons | 284267.9 | 23690.94 | 12.00 | 0.001 | 208872.7 | 359663.1 |

. reg hardin year year2


## reg harrison year year2

Source | SS df MS Number of obs =6

. reg henry year year2

. reg highland year year2


. reg hocking year year2
Source | SS df MS Number of obs = 6


| hocking \| Coef. |  | Std. Err. t $\mathrm{P}>\|\mathrm{t}\|$ |  |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 7933.761 | 5560.347 | 1.43 | 0.249 | -9761.745 | 25629.27 |
| year2 | -807.125 | 777.5885 | -1.04 | 0.376 | -3281.759 | 1667.509 |
| _cons | 83212.9 | 8499.106 | 9.79 | 0.002 | 56164.95 | 110260.8 |

reg holmes year year2

reg huron year year2
Source | SS df MS Number of obs $=6$


```
reg jackson year year2
```


. reg jefferson year year2

reg knox year year2
Source | SS df MS Number of obs $=6$

reg lake year year2


| year | 2537.043 | 2934.087 | 0.86 | 0.451 | -6800.532 | 11874.62 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year2 | -400.6429 | 410.3184 | -0.98 | 0.401 | -1706.459 | 905.1733 |
| _cons | 144285.6 | 4484.813 | 32.17 | 0.000 | 130012.9 | 158558.3 |
| . reg lawrence year year2 |  |  |  |  |  |  |
| Source | SS df MS | Number of obs $=6$ |  |  | $\begin{array}{lrr} \mathrm{F}( & 2, & 3 \\ > & \mathrm{F} & 0.036 \end{array}$ |  |
| Model | 729486103 | 236 | 364743052 | Prob |  | $=12.11$ |
| Resi | \| 90364 | 01.9 | 30121334 | 4 Prob | R -squared | $=0.8898$ |
| Total | 819850105 | 516 | 163970021 | Root | Adj R-squar <br> MSE = 5488 | $=0.8163$ |
| lawr | \| Coef. | Std. Err. | P> |  | 95\% Conf. Int | val] |
| year | -23198.99 | 6423.042 | -3.61 | 0.036 | -43639.98 | -2758.006 |
| year2 | 2562.607 | 898.2324 | 2.85 | 0.065 | -295.9692 | 5421.184 |
| _cons | 267722.6 | 9817.753 | 27.27 | 0.000 | 236478.1 | 298967.1 |

. reg licking year year2

. reg logan year year2


- reg lorain year year2


Total | $3.6712 \mathrm{e}+09 \quad 5 \quad 734241590 \quad$ Root MSE $=6844.5$

| lorain | ef. Std. Err. t |  | P $>$ \| t | | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 13437.93 | 8010.261 | 1.68 | 0.192 | -12054.29 | 38930.16 |
| year2 | 109.3036 | 1120.198 | 0.10 | 0.928 | -3455.665 | 3674.272 |
| _cons | 241185.3 | 12243.85 | 19.70 | 0.000 | 202219.9 | 280150.7 |

reg lucas year year2

reg madison year year2
Source | SS df MS Number of obs $=6$

. reg mahoning year year2


[^22]

- reg medina year year2

Source | SS df MS Number of obs = 6

reg meigs year year2
Source | SS df MS Number of obs = 6

reg mercer year year2
Source | SS df MS Number of obs = 6


```
_cons | 392015.8 54739.99 7.16 0.006 217808.7 566222.9
```

. reg miami year year2

reg monroe year year2

. reg montgomery year year2

reg morgan year year2
Source | SS df MS Number of obs = 6


| morgan | Coef. Std | Err. t | \|t| | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 3019.686 | 1602.752 | 1.88 | 0.156 | -2080.987 | 8120.359 |
| year2 | 55.85714 | 224.1374 | 0.25 | 0.819 | -657.4481 | 769.1624 |
| _cons | 78379.6 | 2449.84 | 31.99 | 0.000 | 70583.12 | 86176.08 |
| . reg morrow year year2 |  |  |  |  |  |  |
| Source | SS df MS | Number of obs $=6$ |  |  |  |  |
| Model | 127642315 | 2638 | 157.7 |  |  | 5.89 |
| Resi | ual \| 32515 | 79.4 3 | 1083859 | 1 R-squared |  | $=0.7970$$=0.6616$ |
| Total | 160158095 | 5 | 31619 | Root MSE $=3292$. |  |  |
| morrow | Coef. Std | Err. t | \|t| | [95\% C | nf. Interval |  |
| year | 9687.582 | 3852.921 | 2.51 | 0.087 | -2574.133 | 21949.3 |
| year2 | -1069.161 | 538.813 | -1.98 | 0.141 | -2783.904 | 645.5828 |
| _cons | 113693.9 | 5889.27 | 19.31 | 0.000 | 94951.62 | 132436.2 |

. reg muskingum year year2


- reg noble year year2

reg ottawa year year2
Source | SS df MS Number of obs = 6


reg paulding year year2
Source | SS df MS Number of obs = 6

reg perry year year2

. reg pickaway year year2



## . reg pike year year2


reg portage year year2

reg preble year year2
Source | SS df MS Number of obs = 6

| Model \| Residua |  |  |  |  |  | $\begin{array}{llr} F( & 2, & 3) \\ > & = & 0.4949 \end{array}$ <br> R-squared | 0.90 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 152273631 |  | 761 | 815.4 | 16 Prob |  |  |
|  | 254503248 |  | $\begin{array}{r}3 \\ - \\ \hline\end{array}$ | 8483 |  |  | $=0.3743$ |
|  |  |  |  |  | Adj R-squared | $=-0.0428$ |  |
| Total | 406776879 | 5 |  |  |  | Root | MSE - 9210.6 |  |
| preble \| Co | ef. Std. | Err | t | \|t| | [95\% Co | nf. Interval] |  |
| year | 2923.425 | 1077 | . 28 | 0.27 | 0.804 | -31381.05 | 37227.9 |
| year2 \| | 3.767857 | 1507 | 432 | 0.00 | 0.998 | -4793.553 | 4801.088 |
| _cons \| | 256667.7 | 1647 | . 35 | 15.58 | 0.001 | 204232.6 | 309102.8 |

. reg putnam year year2


| year | 8092.8 | 10779.75 | 0.75 | 0.507 | -26213.17 | 42398.77 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year2 | -490.4286 | 1507.497 | -0.33 | 0.766 | -5287.958 | 4307.101 |
| _cons | 194764.2 | 16477.07 | 11.82 | 0.001 | 142326.8 | 247201.6 |

reg richland year year2
Source | SS df MS Number of obs $=6$

reg ross year year2
Source | SS df MS Number of obs =6

. reg sandusky year year2
Source | SS df MS Number of obs = 6

. reg scioto year year2


Total | $104372054 \quad 5 \quad 20874410.7 \quad$ Root MSE $=3860.2$

| scioto | Coef. Std. Err. t |  | \|t| | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| year | 6831.386 | 4517.686 | 1.51 | 0.228 | -7545.909 | 21208.68 |
| year2 | -766.0714 | 631.7773 | -1.21 | 0.312 | -2776.669 | 1244.526 |
| _cons | 258305.4 | 6905.377 | 37.41 | 0.000 | 236329.4 | 280281.4 |

reg seneca year year2

reg shelby year year2
Source | SS df MS Number of obs $=6$

|  |  |  |  |  |  | F( 2, 3) | 4.48 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Model \| 1 | $1.7704 \mathrm{e}+09$ | 2 |  | 0111 | Prob | > $\mathrm{F}=0.1256$ |  |
| Residual | \| 59246 |  | 3 | 197486 |  | R -squared | 0.7493 |
| \|otal | 2 |  |  |  |  |  | Adj R-squared | 0.5821 |
| Total \| | $2.3629 \mathrm{e}+09$ | 5 |  | 2212 | Root | MSE = 14053 |  |
| shelby \| Co | Coef. Std. | Err |  | t | [95\% Co | nf. Interval] |  |
| year \| - | -23933.87 | 1644 |  | -1.46 | 0.242 | -76273.9 | 28406.16 |
| year2 \| | 2047.214 | 2299 |  | 0.89 | 0.439 | -5272.294 | 9366.722 |
| _cons \| | 588282.8 | 2513 |  | 23.40 | 0.000 | 5082806682 | 5.6 |

. reg stark year year2

reg summit year year2


- reg trumbull year year2

| Source | SS df MS | Number of obs $=6$ |  |  |  | $=\quad 28.96$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Model | $6.6016 \mathrm{e}+10$ | 23.3 | 8e+10 | 9 Prob | $\begin{aligned} & F\left({ }^{2,}\right. \\ & > \\ & = \\ & \hline \end{aligned}$ |  |
| Modesi | $\begin{array}{r} 6.6016 \mathrm{e}+10 \\ \text { al \| } 3.419 \end{array}$ | ++09 ${ }^{2} \quad 3$ | 1.1398 |  | $R$-squared | $=0.9508$ |
|  |  |  |  |  | Adj R-square | $=0.9179$ |
| Total | $6.9435 \mathrm{e}+10$ | 51.3 | 7e+10 | Root | MSE $=3376$ |  |
| trum | 11 \| Coef | Std. Err | P> |  | 95\% Conf. Int | val] |
| year | 84286.42 | 39510.29 | 2.13 | 0.123 | -41452.97 | 210025.8 |
| year2 | -3293.661 | 5525.33 | -0.60 | 0.593 | -20877.73 | 14290.4 |
| _cons | 1141773 | 60392.3 | 18.91 | 0.000 | 949577.4 | 1333968 |

reg tuscarawas year year2

reg union year year2
Source | SS df MS Number of obs = 6


| _cons \| | 249281 | 10620.92 | 23.47 | 0.000 | 215480.5 | 283081.5 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |

. reg vanwert year year2

. reg vinton year year2

. reg warren year year2

reg washington year year2


. reg williams year year2

. reg wood year year2

| Source \| | SS df MS | Number of obs $=6$ |  |  |  |  | 1.02 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 2 |  |  |  | $\begin{array}{llr}F( & 2, & 3) \\ >\end{array}$ |  |
| Residua | $\begin{aligned} & 460180767 \\ & \text { al \|r } \end{aligned}$ | 6633 | + 3 | $\begin{aligned} & 90383 \\ & 22482 \end{aligned}$ | 11 Prob | R-squared | 0.4056 |
|  |  |  |  |  |  | Adj R-squared | 0.0093 |
| Total \| | $1.1346 \mathrm{e}+09$ | 5 |  | 9480 | Root | MSE = 14994 |  |
| wood \| Co | Coef. Std. | Err. |  | \|t| | [95\% C | onf. Interval] |  |
| year | 5657.396 | 1754 |  | 0.32 | 0.768 | -50187.61 | 61502.4 |
| year2 \| | -75.80357 | 2453 |  | -0.03 | 0.977 | -7885.467 | 7733.86 |
| _cons | 630583.3 | 2682 |  | 23.51 | 0.000 | 5452237159 | 3.6 |

reg wyandot year year2
Source | SS df MS Number of obs = 6


| Model I | 962768265 | $2 \quad 4$ | 481384132 | $\begin{gathered} \text { Prob }>F=0.0084 \\ R \text {-squared } \end{gathered}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Residual | \| 414419 | 9. 8 | 31381399 |  |  | 0.9587 |
| Total \| | $1.0042 \mathrm{e}+09$ | 52 | 200842051 | Root MSE $=3716.7$ |  | 0.9312 |
| wyandot | \| Coef. | Std. Err. t P>\|t| [ |  |  | 95\% Conf. Interval] |  |
| year | -4989.421 | 4349.74 | $4-1.15$ | 0.335 | -18832.24 | 8853.394 |
| year2 \| | 1710.464 | 608.2909 | $9 \quad 2.81$ | 0.067 | -225.3887 | 3646.317 |
| _cons \| | 131251.6 | 6648.668 | $8 \quad 19.74$ | 0.000 | 110092.6 | 152410.6 |

## County Lag Forecasts

reg adams var2

reg allen var4

. reg ashland var6

. reg ashtabula var8

reg athens var10

. reg auglaize var12

reg belmont var14
Source | SS df MS Number of obs = 5

reg brown var16

reg butler var18

reg carroll var20


- reg champaign var22


```
_cons | -13762.21 85761.7 -0.16 0.883 -286694.2 259169.8
```

. reg clark var24

reg clermont var26
Source | SS df MS Number of obs = 5

reg clinton var28
Source | SS df MS Number of obs = 5

reg columbiana var30


| var30 cons | $\begin{aligned} & .5847802 \\ & 258534.7 \end{aligned}$ | $\begin{array}{r} .71881 \\ 435584.1 \end{array}$ | $\begin{aligned} & 0.81 \\ & 0.59 \end{aligned}$ | $\begin{aligned} & 0.475 \\ & 0.595 \end{aligned}$ | $\begin{array}{r} -1.702794 \\ -1127688 \end{array}$ | $\begin{array}{r} 2.872354 \\ 1644758 \end{array}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| - reg coshocton var32 |  |  |  |  |  |  |
| Source | SS df MS | Number of obs $=5$ |  |  | $\begin{array}{llr} F(r & 1, & 3) \\ > & = & 0.3257 \end{array}$ |  |
| Model | 79795605.7 | $1^{1} 79$ | 605.7 | Prob |  | $=\quad 1.37$ |
| Resi | al \| 1741 |  | 5805669 | 2 | R -squared | $=0.3142$ |
| Total | 253965685 | 4634 | 421.3 | Root | Adj R-squared <br> MSE $=7619.5$ | 0.0856 |
| cosho | on \| Coef. | Std. Err. | P> |  | 95\% Conf. Inte | val] |
| var32 | -. 5060399 | . 4316398 | -1.17 | 0.326 | -1.87971 | . 8676305 |
| _cons | 251902.7 | 71720.94 | 3.51 | 0.039 | 23654.63 | 480150.7 |

. reg crawford var34


- reg cuyahoga var36

. reg darke var38

| Source \| SS df MS |  |  | $r$ | obs |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Prob |  |  | $=$ | 6.57 |
| Model | $2.0599 \mathrm{e}+09$ | 1 | 2.05 | 9e+09 |  |  |  |  |  |
| Residual | \| 940745750 |  | 3 | 31358 |  | R -squa | ared | = | 0.6865 |
|  |  |  |  |  |  | Adj R- | -squared |  | 0.5820 |
| Total \| | $3.0006 \mathrm{e}+09$ | 4 | 750 | 60646 | Root | MSE = | 17708 |  |  |

darke | Coef. Std. Err. t P>|t| [95\% Conf. Interval]

| var38 | . 9401092 | . 3668015 | 2.56 | 0.083 | -. 2272168 | 2.107435 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| _cons | 46642.95 | 197386.1 | 0.24 | 0.828 | -581527.7 | 674813.6 |

## reg defiance var40


reg delaware var42


- reg erie var44

. reg fairfield var46


. reg franklin var50

. reg fulton var52
Source | SS df MS Number of obs = 5

reg gallia var54
Source | SS df MS Number of obs = 5


| gallia | Std. Err. t |  | $\|t\|$ | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var54 | -. 1627489 | . 5367398 | -0.30 | 0.782 | -1.870894 | 1.545397 |
| _cons | 244133.1 | 111165.6 | 2.20 | 0.116 | -109645.4 | 597911.5 |

. reg geauga var56

. reg greene var58

. reg guernsey var60


- reg hamilton var62


| ham | Coef. | Std. Er | $P>\|t\|$ |  | Conf. Int | val] |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var62 | . 8218905 | . 3296125 | 2.49 | 0.088 | -. 2270836 | 1.870865 |
| _cons | 407470 | 594094.4 | 0.69 | 0.542 | -1483204 | 2298144 |

reg hardin var66


## reg harrison var68

Source | SS df MS Number of obs = 5

| Model \| Residual |  |  |  |  |  | $\begin{array}{llr} \text { F( } & 1, & 3) \\ > & \text { F }= & 0.0917 \\ \text { R-squared } \end{array}$ | 6.00 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 134764234 | 1 | 134764234 |  | .$^{\text {Prob }}$ |  |  |
|  | \| 673501 | 23.6 | 3 | 245004 |  |  | 0.6668 |
|  | 202114357 | 4 | 505 |  | Root | Adj R-squared MSE $=4738.1$ | 0.5557 |
| harrison \| Coef. |  | Std. Err. |  | $P>\|t\|$ | [95\% Conf. Interval] |  |  |
| var68 | . 6855909 | . 2798 | 249 | 2.45 | 0.092 | - . 2049367 | 1.576119 |
| _cons \| | 36854.97 | 2999 | . 58 | 1.23 | 0.307 | -58588.44 | 132298.4 |

reg henry var70
Source | SS df MS Number of obs = 5


| henry | Coef. Std. Err. t |  | $\mathrm{P}>\|\mathrm{t}\|$ | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var70 | . 0644064 | . 1282209 | 0.50 | 0.650 | -. 3436497 | . 4724625 |
| _cons | 299884.3 | 40458.58 | 7.41 | 0.005 | 171127 | 1.5 |

. reg highland var72


Total | $291804818 \quad 4 \quad 72951204.5 \quad$ Root MSE $=3745.1$

| high | Coef. | Std. Err | $P>\|t\|$ |  | Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var72 | . 955506 | . 2264436 | 4.22 | 0.024 | . 2348615 | 1.676151 |
| _cons | 12245.05 | 34773.09 | 0.35 | 0.748 | -98418.44 | 122908.5 |

. reg hocking var74

reg holmes var76


- reg huron var78

. reg jackson var80
Source | SS df MS Number of obs = 5


| Total \| | 216598189 | 4541 | 47.2 | ```Adj R-squared = -0.1456 Root MSE = 7876.1``` |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| jack | \| Coef. | Std. Err. |  | [95\% Conf. Interval] |  |  |
| $\begin{aligned} & \text { var80 } \\ & \text { _cons } \end{aligned}$ | $\begin{array}{r} .2942412 \\ 121902.6 \end{array}$ | $\begin{aligned} & .4196333 \\ & 70934.78 \end{aligned}$ | $\begin{aligned} & 0.70 \\ & 1.72 \end{aligned}$ | $\begin{aligned} & 0.534 \\ & 0.184 \end{aligned}$ | $\begin{aligned} & -1.041219 \\ & -103843.5 \end{aligned}$ | $\begin{aligned} & 1.629702 \\ & 347648.8 \end{aligned}$ |
| . reg jefferson var82 |  |  |  |  |  |  |
| Source | SS df MS | Number of obs $=5$ |  |  |  |  |
| Model | $4.2493 \mathrm{e}+09$ | $4.2493 \mathrm{e}+09$ |  | Prob > F = 0.0472 |  |  |
| Resid | \| 1.2005 | +09 | 400178 |  | R -squared | 0.7797 |
| Total | $5.4499 \mathrm{e}+09$ | 41.3 | e+09 | Root MSE $=20004$ |  |  |
| jefferson \| Coef. |  | Std. Err. t P>\| |  | [95\% Conf. Interval] |  |  |
| var82 | 1.298865 | . 398593 | 3.26 | 0.047 | . 0303642 | 2.567366 |
| _cons \| | -40437.67 | 78636.29 | -0.51 | 0.643 | -290693.4 | 209818.1 |

. reg knox var84
Source | SS df MS Number of obs = 5

. reg lake var86

| Source | SS df MS | Number of obs $=5$ |  |  |  |  |  | 2.01 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Prob | $F(1,3)$ | $=$ |  |
| Model \| | 10106628.1 | 1 | 1010 | 628.1 |  | > $\mathrm{F}=0.2509$ |  |  |
| Residual | \| 15054686. |  | 3 | 5018228.9 |  | R -squared | $=$ | 0.4017 |
|  |  |  |  |  |  | Adj R-squared |  | 0.2022 |
| Total | 25161314.8 | 4 |  | 328.7 | Root | MSE $=2240.1$ |  |  |


| lake | Coef. Std. Err. t |  | \|t| | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var86 | -. 7113538 | . 5012539 | -1.42 | 0.251 | -2.306567 | . 8838598 |
| _cons | 252219.5 | 73962.19 | 3.41 | 0.042 | 16838.82 | 487600.2 |

- reg lawrence var88


. reg licking var90

reg logan var92

reg lorain var94

reg lucas var96
Source | SS df MS Number of obs = 5


. reg madison var98



## . reg mahoning var100



| mahoning \| Coef. |  | Std. E | $P>\|t\|$ |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var100 | . 5428694 | . 3615052 | 1.50 | 0.230 | -. 6076015 | 1.69334 |
| _cons | 823615 | 553501.6 | 1.49 | 0.233 | -937874.1 | 2585104 |

. reg marion var102

reg medina var104
Source | SS df MS Number of obs = 5

reg meigs var106
Source | SS df MS Number of obs = 5

reg mercer var108

. reg miami var110
Source | SS df MS Number of obs = 5

| Model \| Residua |  |  |  |  |  | F( 1, 3) | $=$ | 2.52 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 905868763 | 1 | 905868763 Prob |  |  | $>\mathrm{F}=0.2108$ |  |  |
|  | 1 \| 1.0797 | +09 | 3359896713 |  |  | R -squared |  | 0.4562 |
|  |  |  |  |  |  | Adj R-squared |  | 0.2750 |
| Total \| 1 | $1.9856 \mathrm{e}+09$ | 4 | 496389726 |  | Root | MSE = 18971 |  |  |
| miami \| Co | Coef. Std. Err. t |  |  |  | [95\% Conf. Interval] |  |  |  |
| var110 | . 6499972 | . 409 |  | 1.59 | 0.211 | -. 6538565 |  | 1.953851 |
| _cons \| | 122961.1 | 12870 |  | 0.96 | 0.410 | -286639.6 |  | 532561.9 |

. reg monroe var112


## . reg montgomery var114


reg morgan var116


## reg morrow var118

Source | SS df MS Number of obs = 5

| Model <br> Resi |  |  |  |  | Prob | $\begin{array}{llr} F( & 1, & 3) \\ > & F & 0.2714 \end{array}$ | 1.81 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 37970337.4 | 1 | 379 | 3.4 |  |  |  |  |
|  | al \| 630203 | 5.4 | 3 | 10067 |  | P-squared R- | $=0.3760$ |  |
|  |  |  |  |  |  | Adj R-squared | $=0.1680$ |  |
| Total | 100990723 | 4 | 252 | . 7 | Root | MSE $=4583.3$ |  |  |
| morrow | Coef. Std. | Err. | t | \|t| | [95\% Conf. Interval] |  |  |  |
| var118 | . 486919 | . 3621 | 716 | 1.34 | 0.271 | -. 6656727 |  | 1.639511 |
| _cons | 68822.65 | 47622 | . 62 | 1.45 | 0.244 | -82733.77 |  | 220379.1 |

reg muskingum var120


- reg noble var122

. reg ottawa var124

. reg paulding var126



## reg perry var128


reg pickaway var130
Source | SS df MS Number of obs = 5

reg pike var132

. reg portage var134


- reg preble var136

. reg putnam var138

. reg richland var140

reg ross var142
Source | SS df MS Number of obs = 5



## reg sandusky var144


. reg scioto var146


- reg seneca var148

. reg shelby var150

. reg stark var152

reg summit var154

reg trumbull var156
Source | SS df MS Number of obs $=5$

reg tuscarawas var158


. reg vanwert var162


| vanwert \| Coef. |  | Std. Err. | $P>\|t\|$ |  | [95\% Conf. Interval] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var162 | . 7428284 | . 2149098 | 3.46 | 0.041 | . 0588895 | 1.426767 |
| _cons | 47798.78 | 34507.4 | 1.39 | 0.260 | -62019.15 | 157616.7 |

reg vinton var164

. reg warren var166
Source | SS df MS Number of obs = 5

warren | Coef. Std. Err. t $P>|t| \quad$ [95\% Conf. Interval]

| var166 | -. 27002 | . 653278 | -0.41 | 0.707 | -2.349042 | 1.809002 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| _cons | 302444.5 | 155240.5 | 1.95 | 0.147 | -191600.1 | 796489 |

reg washington var168

reg wayne var170

. reg williams var172

. reg wood var174


| wood | Std. Err. t |  | \|t| | [95\% Conf. Interval] |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| var174 | -. 1556757 | . 4874345 | -0.32 | 0.770 | -1.70691 | 1.395559 |
| _cons | 753598 | 315534.3 | 2.39 | 0.097 | -250573 | 1757769 |

. reg wyandot var176



[^0]:    ${ }^{1}$ New Brunswick, Oklahoma, and Oregon are the exceptions.

[^1]:    ${ }^{2}$ IRP vehicles are generally defined in this document as an apportioned truck with a GVW over 26,000 lbs. However, the Plan includes other vehicles that are 26,000 GVW and under, as well as vehicles other than trucks.

[^2]:    ${ }^{3}$ According to ORC 4501.06, the Highway Safety Fund shall "be used for the purpose of enforcing and paying the expenses of administering the law relative to the registration and operation of motor vehicles on the public roads or highways. Amounts credited to the fund may also be used to pay the expenses of administering and enforcing the laws under which such fees were collected. All investment earnings of the state highway safety fund shall be credited to the fund."

[^3]:    ${ }^{4}$ This does not apply to municipalities, who are only eligible to receive 34 percent of the license distribution for each vehicle registered within its boundaries.

[^4]:    ${ }^{5}$ The township and municipality splits for Vinton County are not included.
    ${ }^{6}$ Based on ODPS mileage reports from 2013.

[^5]:    ${ }^{7}$ Correlation statistics measures the strength and direction of a linear relationship between two variables, which in this case are 1 . distributable county revenue plus loss compensation, and 2. annual excess compensation.

[^6]:    ${ }^{8}$ IRP, Inc. 2012. "IRP Frequently Asked Questions." Retrieved 15 April 2015 at:
    http://www.irponline.org/?page=EDUFAQ\#23.

[^7]:    ${ }^{9}$ Revenue trends will be addressed in Section 3.2.
    ${ }^{10}$ The Xerox vehicle data and BMV registration data do have some discrepancies, so the vehicle totals are not the same.

[^8]:    ${ }^{11}$ Ohio does not receive money from trucks registered in Alaska because it is not a member of IRP. However, repatriating those licenses would require carriers to pay registration fees not currently going to Ohio.

[^9]:    ${ }^{12}$ For example, 71.1 percent of Ohio IRP registrations were for 78,001 pounds and up. Therefore, the distributable amount ( $\$ 769.16$ ) was multiplied by .711 , and this was done for every weight class to derive a weighted average. Additional estimates were computed using various assumptions: a high-end estimate where every vehicle was registered with a 78,001 -pound plate, a low-end estimate where every vehicle was registered with a 26,001 -pound plate, and a composite of the high, low, and weighted average estimates.

[^10]:    ${ }^{13}$ As noted in Chapter 1, the county gets to keep the 34 percent share if the registration is in a township, but not if the registration is in a municipality.
    ${ }^{14}$ It should be noted that Alaska registrations are included in spite of Alaska's not being a member of IRP. In practice, revenue from these registrations does not go to Ohio. Apportioned registration is possible, but carriers operating these vehicles may have little incentive to register with IRP.

[^11]:    ${ }^{15}$ Actual county-by-county revenues for 2009-2014 are provided in Appendix A. Statewide Forecasts are provided in Appendix B. Forecasts for 2015 to 2019 are provided in Appendix E.

[^12]:    ${ }^{16}$ Autoregressive (1), or AR(1) model relies on the previous term in the process to predict the next term. In this case, that means that prior year revenue is used to predict current year revenue and so on.

[^13]:    ${ }^{17}$ County Time-Trend Forecasts are the time-trend model, County Time-Trend-Squared Forecasts are the time trend-squared model, and County Lag Forecasts are the lag model. For the County Time-Trend Forecasts, year is the time variable, year2 is the squared term in County Time-Trend-Squared Forecasts, and the lagged value for the County Lag Forecasts is var2 for Adams County, var4 for Allen County, and so on.

[^14]:    ${ }^{18}$ Other county engineers provided additional information but did not fill out the survey.

[^15]:    ${ }^{19}$ According to the U.S. Census Bureau's North American Industry Classification System, the truck transportation industry is a subsector of the transportation and warehousing industry. It related to transportation of cargo using motor vehicles, namely tractor-trailers and other trucks.

[^16]:    ${ }^{20}$ The Census Bureau defines an establishment as a physical location where business is conducted and industrial operations are held. The discrepancy between establishment numbers and USDOT numbers is difficult to reconcile, but registration records do not necessitate a physical place of business - just the use of equipment.
    ${ }^{21}$ The Ohio BMV’s official IRP truck vehicle registration tally was 245 in 2013.

[^17]:    ${ }^{22}$ The ODPS estimation is included in Appendix G.
    ${ }^{23}$ We used the time-trend models here because their predictions for revenue trends tend to be more modest, which is consistent with our knowledge about the historical trends of registration revenue in several states.

[^18]:    ${ }^{24}$ The Ohio BMV’s official IRP truck vehicle registration tally was 3,928 in 2013.

[^19]:    ${ }^{25}$ The ODPS estimate is provided in Appendix H.

[^20]:    ${ }^{26}$ The Ohio BMV’s official IRP truck vehicle registration tally was 2,323 in 2013.

[^21]:    ${ }^{27}$ The Ohio BMV’s official IRP truck vehicle registration tally was 9,715 in 2013.

[^22]:    . reg marion year year2

