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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 96
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. Merrin

Local Impact Statement Procedure Required: No

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Highlights

- The bill may produce both an initial increase, and decrease over time, in the amount of registration taxes and fee revenue collected by the state and political subdivisions for each permanent noncommercial trailer registration issued.
- The amount of any initial increase or eventual decrease in registration tax and fee revenue will depend upon the number of individuals who elect to obtain a permanent registration for their noncommercial trailers.

Detailed Analysis

The bill creates a nontransferable, nonrefundable, permanent registration option for noncommercial trailers, in addition to registering annually or for up to five years under the multi-year registration program that currently exists for most motor vehicles. Under existing law, commercial trailers and semitrailers have a permanent registration option; the bill provides a similar process for noncommercial trailers.

In order to obtain a permanent noncommercial trailer registration under the bill, an applicant is required to pay a one-time fee that is:

1. Eight times the following: annual registration tax (\$16 to \$140 annually, based on unladen weight), Bureau of Motor Vehicles (BMV) fee (\$11), and local permissive taxes (\$0 to \$30); and
2. A \$5 deputy registrar/BMV service fee.

The total amount paid by an applicant will range from \$221 to \$1,453, depending on the unladen weight of the noncommercial trailer and the taxes levied in the applicant's district of registration.

As a result, the bill may produce both an initial increase, and decrease over time, in the amount of registration taxes and fee revenue collected by the state and political subdivisions for each permanent noncommercial trailer registration issued. The initial increase is attributable to the one-time fees noted in the preceding paragraph. The eventual decrease will occur in subsequent years, as those fees would no longer be collectable. The amount of any initial increase or eventual decrease in fee revenue will depend upon the number of individuals who elect to obtain a permanent registration for their noncommercial trailers. In calendar year 2020, there were 704,734 noncommercial trailers registered in Ohio.

Registration tax and fee revenue

For each permanent noncommercial trailer registration issued under the bill, there will be an increase in registration tax and fee revenue generated, since an individual obtaining a permanent registration will pay the equivalent of eight years of taxes and fees rather than the lesser amount that would have otherwise been paid under existing law for an annual or multi-year registration. Assuming that an applicant for a permanent noncommercial trailer registration under the bill would have otherwise registered that trailer (either annually or in some combination of annual and multi-year registrations) for eight years, the BMV will collect the registration tax and fee revenue up to seven years earlier than would be the case under current law.

The bill may also result in a longer term decrease for revenue collected and available for use by the BMV. Since noncommercial trailer registration under current law is valid for a period of up to five years, the BMV could begin to experience effects from any decrease in noncommercial trailer revenue in the second year of a permanent registration. If a noncommercial trailer were used past the eight-year mark, the BMV and certain political subdivisions would lose the registration fees and taxes for each additional year that the noncommercial trailer is in use.

The magnitude of any shorter term increase or longer term decrease in registration tax and fee revenue will depend on the number of trailers that are permanently registered under the bill. Additional registration tax and fee revenue may also be generated, if the bill induces more individuals to register noncommercial trailers.

Administrative costs

For each permanent noncommercial trailer registration issued under the bill, there may be an administrative savings for the BMV and deputy registrars. Any savings may be offset by the loss of up to \$35 or more from a one-time \$5 payment of the deputy registrar/BMV service fee, as opposed to paying that \$5 fee for every registration transaction. For example, a person who renewed their noncommercial trailer registration annually over an eight-year period would pay \$40 in such fees. Deputy registrars are generally independent contractors however, there are 13 county auditors and clerks of courts of common pleas currently serving as deputy registrars.

The bill may result in a potential savings in registration sticker production and distribution costs that would otherwise occur annually. Currently, the BMV issues a new registration sticker to individuals every year or for the period of a multi-year registration. For each permanent noncommercial trailer registration issued under the bill, the BMV would experience a savings in registration sticker production and distribution costs because of not having to issue a new one when they otherwise would have under current law.