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H.B. 194
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. K. Miller

Local Impact Statement Procedure Required: No

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Highlights

- The Bureau of Motor Vehicles (BMV) may incur both one-time and ongoing costs related to contracting with a private vendor to issue specialty license plates and coordinating services with that vendor. The actual magnitude of any costs incurred would depend on the terms of the executed contract.
- If the private vendor establishes an additional fee for services, the Drug Law Enforcement Fund (Fund 5ET0) may experience an increase in revenue. The magnitude of any such increase would depend on the number of people who choose to utilize the services provided by the private vendor.

Detailed Analysis

The bill requires the Registrar of Motor Vehicles to select a vendor, using a competitive selection process, to operate a specialty license plate program. The bill specifies certain terms and conditions of the contract, including authorizing the vendor to collect fees that are in addition to any applicable motor vehicle registration taxes and fees. However, the bill specifies that any such fees collected must be remitted to the Registrar for deposit into the Drug Law Enforcement Fund (Fund 5ET0). Under the bill, the privately operated specialty license plate program would exist alongside the current registration process, meaning that a person could choose to obtain a specialty license plate through the Registrar or through the private vendor. The issuance of validation stickers and the collection of taxes and fees associated with motor vehicle registration remain unchanged regardless of which entity provides the service.

The bill limits any such contract to be for a period not to exceed two years and may be extended for additional two-year terms.

Bureau of Motor Vehicles

The Bureau of Motor Vehicles (BMV) will incur costs related to (1) adopting rules for the specialty license plate program, (2) selecting a qualified vendor via a competitive selection process, and (3) then connecting the selected vendor's (if one is able to meet the criteria of the contract) information technology (IT) systems to the BMV systems. Additionally, the BMV may incur ongoing costs to manage and oversee the contract and ensure that all existing statutory requirements (including manufacturing license plates and validation stickers and providing them to the customer) are being performed. Those costs, both one-time and ongoing are likely to depend on the terms of the contract.

Private vendor compensation

The bill is silent in defining payment terms for the vendor under the specialty license plate program. The bill requires the vendor to facilitate the collection of the regular registration fees and taxes on behalf of the BMV. All taxes and fees are to be credited to existing state funds and may not be retained by the vendor.¹ The vendor is also authorized to collect an additional fee which is required to be credited to the Drug Law Enforcement Fund (Fund 5ET0). As a result, it is unclear how the vendor would be compensated and what manner of funding sources (GRF or non-GRF) would be utilized.

Service fee revenue

As a result of the bill, some number of individuals may choose to utilize the private vendor for vehicle registration transactions related to a specialty license plate instead of appearing in person to do so at a deputy registrar location. In those circumstances, the deputy registrar who would have otherwise processed the transaction will forgo the corresponding \$5 service fee. Presumably this fee would instead be credited to the Public Safety – Highway Purposes Fund (Fund 5TM0) since the BMV retains the service fee for online and mail-in transactions.² Any impact on deputy registrars³ as a result of forgoing the service fee is likely to be minimal but will ultimately depend on the number of people who choose to utilize the private vendor instead of a physical deputy registrar location.

Drug Law Enforcement Fund (Fund 5ET0)

The bill may result in an increase in revenue to Fund 5ET0, which is used by the Office of Criminal Justice Services located within the Department of Public Safety, to provide grants to local drug task forces to offset the costs incurred related to the enforcement of the state's drug laws and other state laws related to illegal drug activity. The magnitude of any increase is likely to be minimal at most but will ultimately depend on whether the private vendor establishes an

¹ Under current law, unchanged by the bill, motor vehicle registration taxes and fees are credited to the Local Motor Vehicle License Tax Fund (Fund 7099) and the Public Safety – Highway Purposes Fund (Fund 5TM0), respectively.

² Fund 5TM0, which is used to support the operations of the Ohio State Highway Patrol and the Bureau of Motor Vehicles, currently receives the \$5 service fee for online and mail-in transactions.

³ May include locations in Champaign, Fayette, Gallia, Harrison, Holmes, Huron, Jackson, Montgomery, Perry, Vinton, and Wyandot counties that are served by the county auditor or clerk of court.

additional fee, the amount of that fee, and the number of people who choose to utilize the services provided by the private vendor, if one is selected through a competitive bidding process.