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H.B. 222
133rd General Assembly

Bill Analysis

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Version: As Passed by the House

Primary Sponsors: Reps. Stoltzfus and Howse

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SUMMARY

Commercial vehicle training tax credit

- Authorizes a nonrefundable income tax credit of up to \$25,000 per year for training expenses paid by employers to train current or prospective employees to operate a commercial vehicle.
- Limits the total amount of credits that may be awarded each year to \$1.5 million.
- Applies to training expenses incurred in 2021, 2022, and 2023.

CDL skills exam fees

- Increases the commercial driver's license skills test examination fee charged by the Department of Public Safety from \$50 to \$115.

DETAILED ANALYSIS

Tax credit for commercial vehicle operator training expenses

The bill authorizes a nonrefundable income tax credit of up to \$25,000 for employers that train current or prospective employees to be commercial vehicle operators. As a credit against the income tax, it may be claimed by employers that are sole proprietors or organized as a pass-through entity such as a partnership, limited liability company, or S corporation owned at least in part by an individual, estate, or trust; it would not be available to corporations other than those electing S corporation status.

Application process

The credit is available for expenses, other than wages, paid to train a current or prospective employee to obtain a commercial driver's license (CDL) or to operate a commercial motor vehicle. To obtain the credit, an employer must first apply to the Director of Development Services with an estimate of the training expenses that the employer expects to

pay in the upcoming year. The Director may certify up to \$50,000 of estimated training expenses as eligible for the tax credit for each employer. The application and estimates, which must be filed by December of the preceding year, may only be made on the basis of training expenses expected to be incurred in 2021, 2022, or 2023.

Then, in January of the year after the year the expenses are incurred, the employer applies to the Director for the tax credit, which equals one-half of the employer's actual training expenses. Upon approval, the Director issues the employer a tax credit certificate indicating the amount of the credit. The Director must also notify the Tax Commissioner of each certificate issued.¹

Credit limits

The maximum credit allowed to any employer per year is \$25,000 (one-half of \$50,000, the maximum amount of certifiable training expenses). The total amount of credits awarded in any year may not exceed \$1.5 million (i.e., 50% of the maximum \$3 million in certifiable training expenses). However, if, in any year, the amount of credits awarded is less than \$1.5 million, the difference may be carried forward and added to the maximum amount to be awarded to the following year.²

Carry forward

The credit is nonrefundable, which means that the credit may not exceed a taxpayer's tax liability for any year. However, if the credit does exceed a taxpayer's liability, the taxpayer may carry forward and claim the excess balance for up to five future years.³

Rules

The bill requires the Director, in consultation with the Tax Commissioner, to adopt rules to administer the credit, including a rule describing the types of training expenses that may qualify for the credit.⁴ The notice and text of these rules must be filed within 150 days after the bill's effective date.⁵

CDL skills exam fees

The bill increases the commercial driver's license skills test examination fee charged by the Department of Public Safety from \$50 to \$115.⁶ The increase makes the examination fee charged by the Department equivalent to the maximum amount that a private or locally operated skills testing facility may charge for the skills examination. Am. Sub. H.B. 62 (the

¹ R.C. 122.91.

² R.C. 122.91(B) and (C).

³ R.C. 5747.82.

⁴ R.C. 122.91(D).

⁵ Section 3 of the bill.

⁶ R.C. 4506.09(E).

transportation budget) increased the maximum divisible fee that any person, state agency, or local government may charge from \$85 to \$115.⁷ The fee charged by the Department, however, was not changed. Currently, there are 15 authorized skills testing locations in Ohio, two of which are run by the Department.⁸

The breakdown of the skills examination fee charged by the Department is as follows:

CDL Testing Fee		
Portion of the Test	Current Law	Under the Bill
Pre-trip inspection	\$10	\$27
Off-road maneuvering	\$10	\$27
On-road	\$30	\$61
Maximum total	\$50	\$115

The bill likewise increases the appointment fee that the Department may charge from \$50 to \$115. The appointment fee serves as the skills test fee, provided the applicant appears at the scheduled time and location for the examination. If an applicant fails to appear or is unable or declines to take the scheduled examination, or cancels the appointment less than 48 hours before the scheduled time, the applicant forfeits the fee.⁹

The fees for the examination are deposited into the Public Safety – Highway Purposes Fund, which is used by the Department for enforcing and administering Ohio’s motor vehicle laws.¹⁰

HISTORY

Action	Date
Introduced	04-29-19
Reported, H. Ways & Means	12-11-19
Passed House (91-1)	02-20-20

H0222-PH-133/ec

⁷ R.C. 4506.09(B).

⁸ https://www.bmv.ohio.gov/links/bmv_CD-L-Testing-Locations.pdf.

⁹ R.C. 4506.09(E)(2).

¹⁰ R.C. 4506.09(E)(3) and 4501.06, not in the bill.