



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

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DEPARTMENT OF PUBLIC SAFETY

Deputy registrars

Service fees

- Requires the Registrar of Motor Vehicles, within nine months after the effective date of the bill, to establish by rule the service fee that is paid to a deputy registrar, a limited authority deputy registrar, or the Registrar, as applicable, for specified services at a rate that is not less than \$3.50 but not more than \$5.25.
- Requires the Registrar, within nine months after the effective date of the bill, to establish by rule prorated service fees for multi-year registrations issued by a deputy registrar, limited authority deputy registrar, or the Registrar.
- Specifies that until the Registrar establishes the initial service fees the existing fees remain in effect.

Other deputy registrar provisions

- Requires the Registrar to allow any deputy registrar that is not a county auditor or a clerk of a court of common pleas to operate vending machines.
- Requires the Registrar to allow a deputy registrar that is not a county auditor or clerk of court to sell advertising rights to third party businesses in accordance with standards established by the Registrar.
- Requires the Registrar to adopt rules permitting a private, nonprofit corporation operating as a deputy registrar to advertise that a specified amount of the proceeds collected by the deputy registrar go to charitable organizations or philanthropic causes.

Vehicle registration

Commercial motor vehicle registration fees

- Eliminates a \$30 registration fee that is charged for the in-state registration of commercial cars and an \$11 registration fee that is charged for the in-state registration of commercial buses.
- Exempts commercial cars and buses from the local motor vehicle license (i.e., registration) taxes (which are up to \$25 based on existing taxing authority plus the additional \$5 tax established under the current version of the bill).



- Increases the base rates charged for the registration of a commercial car or bus and equalizes those rates so that the base rates charged to vehicles registered in Ohio and vehicles that are registered outside of Ohio but that are subject to taxation in Ohio under the International Registration Plan (IRP) are the same except for the following limitations on rates charged to vehicles registered in Ohio (see **COMMENT**).
- Allows a deduction from the registration fees for in-state commercial cars and commercial buses as follows:
 - If the applicant is registering 10-249 vehicles, \$5 per vehicle;
 - If the applicant is registering 250-499 vehicles, \$10 per vehicle;
 - If the applicant is registering 500-999 vehicles, \$15 per vehicle; and
 - If the applicant is registering 1,000 or more vehicles, \$20 per vehicle.
- Generally caps the base rate for the registration of an in-state commercial car or commercial bus so that the rate cannot exceed the rate that was charged for the commercial car or bus on March 21, 2017, which is:
 - The base rate on that date (determined by vehicle weight); plus
 - An \$11 or \$30 public safety fee; plus
 - Any applicable local registration taxes (up to a maximum of \$20).

Local motor vehicle registration tax

- Authorizes counties to levy and retain an additional \$5 motor vehicle registration tax subject to the approval of the voters.

Other vehicle registration provisions

- Allows the Registrar of Motor Vehicles to send an electronic motor vehicle registration renewal notice if the owner of a vehicle consents to receive the notice electronically.
- Allows the Registrar to establish a program to enhance the convenience and availability of vehicle registration services using electronic or other means (for example, a self-service kiosk) and to establish, by rule, associated fees.
- Prohibits any person except the Registrar of Motor Vehicles, an agent or employee of the Registrar, or a deputy registrar from charging a fee for the submission of a motor

vehicle registration or registration renewal application by electronic means unless the person complies with specified requirements.

- Requires the Registrar to study the effect of lowering the permanent registration fee for commercial trailers and semitrailers and to consider a process for making Ohio's fees and process more competitive.
- Requires the Registrar to issue a report of the Registrar's findings and recommendations with regard to the above study not later than September 30, 2017.

Malfunctioning traffic control signals

- Narrows a provision of law that authorizes a vehicle to proceed through an intersection if the traffic control signal is malfunctioning by doing both of the following:
 - Applying the provision only to bicycles; and
 - Specifying that a bicycle may proceed through an intersection only if the signal is malfunctioning due to a failure of the vehicle detector to detect the bicycle.

Prohibition against leaving a motor vehicle unattended

- Specifies that the law prohibiting a person from leaving a motor vehicle unattended without stopping the engine and removing the key does not apply to either of the following:
 - A vehicle that is parked on residential property; or
 - A vehicle that is locked, regardless of where it is parked.

License plates

- Increases the "Ohio Nurses Association" license plate contribution amount for registration renewal from \$11.50 to \$25, which is consistent with the amount charged (\$25) for the issuance of an initial "Ohio Nurses Association" license plate.
- Eliminates the authority of the University of Notre Dame in South Bend, Indiana to use any of the contributions collected from issuance of the "University of Notre Dame" special license plate for administrative costs.
- Requires the contributions from the "Share the Road" license plate to be deposited in the License Plate Contribution Fund and then paid to the Ohio Bicycle Federation for specified purposes, rather than the Public Safety – Highway Purposes Fund.



Fund merger

- Merges the State Bureau of Motor Vehicles Fund, the State Highway Safety Fund, the Highway Safety Salvage and Exchange Administration Fund, and the Highway Safety Salvage and Exchange Highway Patrol Fund into a single fund called the Public Safety – Highway Purposes Fund.
- Applies the existing purposes for each of the merged funds to the Public Safety – Highway Purposes Fund.

Salvage certificate of title

- Specifies that an insurance company may apply for a salvage certificate of title to a motor vehicle without delivering the physical certificate of title if a physical certificate of title was not issued for the vehicle (i.e., the vehicle only had an electronic certificate of title).
- Requires such an application to be accompanied by the electronic certificate of title control number and a properly executed power of attorney, or other appropriate document, from the owner of the motor vehicle authorizing the insurance company to apply for a salvage certificate of title.

Motorcycle training course options

- Requires the Director of Public Safety to do both of the following:
 - Authorize private organizations or corporations to offer either a nationally recognized motorcycle training course or curriculum or a course or curriculum designed by DPS; and
 - Permit an applicant for a motorcycle operator's endorsement or motorcycle license who has successfully completed a course offered by a private organization to be eligible for the waiver of the demonstration portion of the rider's examination.

Submission of electronic applications for certificates of title

- Requires the Registrar of Motor Vehicles to arrange for a service that enables electronic motor vehicle dealers to submit title applications directly to the clerks of court not later than December 31, 2017.
- Requires the use of money from the Automated Title Processing Fund to pay for the above service.



Snowmobile and all-purpose vehicle use on Lake Erie Islands

- Permits snowmobiles (without metal studded tracks) and all-purpose vehicles, under certain conditions, to operate on any state highways, including limited access highways and freeways, on the Lake Erie Islands between November 1 and April 30.
- Exempts snowmobiles and all-purpose vehicles being used at the above times and locations from registration requirements.

Other provisions

- Permits utility vehicles to use public roads and rights-of-way, other than a freeway, when traveling from one farm field to another for agricultural purposes, provided that a triangular slow-moving vehicle emblem is displayed.
- Narrows the definition of "motor-driven cycle or motor scooter," thereby allowing vehicles with a more powerful motor (100 cc piston displacement or higher) to be regulated as motorcycles and exempt from prohibition against operating on a road with a speed limit greater than 45 miles per hour.
- Permits an insurance company to commence a civil action against a storage facility in addition to a towing service, as in current law (effective April 6, 2017), seeking recovery of a motor vehicle, disputing the amount billed for services, or both.

Deputy registrars

Service fees

(R.C. 4503.038, with conforming changes in numerous other R.C. sections)

The bill requires the Registrar of Motor Vehicles to establish, not later than nine months after the bill's effective date, via rules adopted in accordance with the Administrative Procedure Act, the service fee that is paid to a deputy registrar, limited authority deputy registrar, or the Registrar for the following services:

(1) Registration, registration renewal, and registration transfers for motor vehicles, commercial motor vehicles, snowmobiles, off-highway motorcycles, and all-purpose vehicles;

(2) Registration of a chauffeured limousine;

(3) The issuance of temporary tags;



(4) The issuance of a replacement license plate or validation sticker;

(5) The inspection of a vehicle that was last registered in another state or of an off-highway motorcycle or all-purpose vehicle not titled in Ohio or for which title is missing (this fee may also be paid to a motor vehicle dealer, salvage motor vehicle dealer, salvage motor vehicle auction, or salvage motor vehicle pool that conducts the inspection as authorized by law);

(6) The issuance or renewal of a driver's license or commercial driver's license (including temporary instruction permits);

(7) The issuance of a new, duplicate, or replacement identification card; and

(8) Providing a certified abstract of a person's driving record.

Under the bill, the service fee established must be no less than \$3.50 and no more than \$5.25. In addition, when establishing the fee, the Registrar must consider inflation and any other factors the Registrar considers relevant in determining the fee.

The bill requires the Registrar to adopt rules in accordance with the Administrative Procedure Act not later than nine months after the bill's effective date that establish prorated service fees that apply for purposes of multi-year registrations for standard noncommercial vehicles. The bill further requires the Registrar to consider inflation and any other factors the Registrar considers relevant in determining the fees.

Under current law, the statutorily established service fee for services under (1) to (8) above is \$3.50, and the service fee for multi-year registration for a standard noncommercial vehicle is \$5.25 for a 2-year registration, \$8 for a 3-year registration, and \$10 for a 4- or 5-year registration. The bill specifies that until the Registrar establishes the service fees in accordance with the bill's requirements, the existing fees remain in effect.

Vending machines and third party advertising

(R.C. 4503.03)

Under current law, the Registrar of Motor Vehicles is required to adopt rules governing deputy registrars. Those rules include contracting requirements, office size and location requirements, hours of operation, procedural requirements, and other requirements determined necessary to provide a high level of service. The bill requires those rules to allow any deputy registrar that is not a county auditor or a clerk of a court of common pleas to do both of the following:

(1) Operate vending machines; and



(2) Sell advertising rights to third party businesses in accordance with standards adopted by the Registrar so that the third party businesses that purchase those rights may place advertising for their businesses inside the deputy registrar's office.

Nonprofit deputy registrars

(R.C. 4503.03)

The bill requires the Registrar of Motor Vehicles to adopt rules permitting a private, nonprofit corporation operating as a deputy registrar to advertise that a certain amount of the proceeds collected by the deputy registrar go to a specified charitable organization or philanthropic cause. Under current law, the Registrar is required to adopt rules permitting any deputy registrar to advertise regarding the operation of the deputy registrar's office. The rules currently adopted by the Registrar permit any deputy registrar to advertise, with the prior written approval of the Registrar. The two primary restrictions in the current rules are that the advertising cannot reflect negatively upon the State of Ohio, the Department of Public Safety, the Bureau of Motor Vehicles, any deputy registrar, or any deputy registrar agency, and that no person can advertise as a deputy registrar unless the person is currently under contract with the Registrar.¹

Vehicle registration

Commercial motor vehicle registration fees

(R.C. 4503.65, 4503.042 (repealed), 4503.10, and 4504.201, with conforming changes in other R.C. sections)

The bill makes numerous changes to the fees for the registration of a commercial car or bus. Under current law, for the registration of a commercial car or commercial bus in Ohio, an applicant must pay a base fee determined by the weight of the vehicle (ranging from \$45-\$1,340 for commercial cars and \$10-\$1,630 for commercial buses), a \$30 fee (applicable to commercial cars) or an \$11 fee (applicable to commercial buses) for the costs the Department of Public Safety incurs in administering and enforcing the motor vehicle laws, any local registration taxes levied by the county, township, and/or municipal corporation the vehicle is registered within (up to a maximum total of \$20), and the standard \$3.50 service fee. The bill eliminates the \$30 and \$11 public safety fees and excludes commercial cars and buses from all local registration taxes.

The bill also increases the base rates charged for the registration of a commercial car or bus and equalizes the rates so that the base rates charged to vehicles registered in

¹ Ohio Administrative Code 4501:1-6-01, not in the bill.



Ohio and vehicles that are registered outside of Ohio but that are subject to taxation in Ohio under the International Registration Plan (IRP) are the same (see the table below). However, the application of the bulk reduction and the cap set for commercial cars and buses registered in Ohio (see below) results in higher rates for vehicles registered outside of Ohio (see **COMMENT**). Under the IRP, a commercial car or bus that travels within two or more states pays an apportioned tax to each jurisdiction that the vehicle travels within, based on the percent of the vehicle's mileage within that state. Under current law, base rates charged for IRP commercial cars and buses registered outside of Ohio are higher than the base rates charged for commercial cars and buses registered in Ohio (ranging from \$1 more to \$33.50 more, depending on the weight of the vehicle). However, as indicated above, out-of-state IRP vehicles do not pay the \$11 or \$30 public safety fee, the standard \$3.50 service fee, or any local registration taxes. Thus, in-state vehicles pay a higher overall rate for registration, because those additional fees apply only to in-state vehicles.

Accordingly, under the bill, the rates of taxation for a commercial car or commercial bus are modified as follows:

Rates of taxation for commercial vehicle registration*		
Type of registration	Base rate under current law	Base rate under the bill
In-state commercial car	\$45 - \$1,340 (plus a \$30 public safety fee and up to \$20 in local registration taxes)	\$102 - \$1,428.50
Out-of-state commercial car	\$47 - \$1,373.50	\$102 - \$1,428.50
In-state commercial bus	\$10 - \$1,630 (plus an \$11 public safety fee and up to \$20 in local registration taxes)	\$66 - \$1,699.50
Out-of-state commercial bus	\$11 - \$1,644.50	\$66 - \$1,699.50

* All rates of taxation are based on vehicle weight. This chart does not include service fees, late registration fees, or taxes that may be levied within a transportation improvement district or regional transportation improvement project, all of which apply to vehicles registered in Ohio only.

Lastly, the bill establishes a reduction for the bulk registration of in-state commercial cars and commercial buses as follows:

- (1) If the applicant is registering 10-249 vehicles, \$5 per vehicle;
- (2) If the applicant is registering 250-499 vehicles, \$10 per vehicle;
- (3) If the applicant is registering 500-999 vehicles, \$15 per vehicle; and



(4) If the applicant is registering 1,000 or more vehicles, \$20 per vehicle.

The bill caps the base rate for the registration of an in-state commercial car or commercial bus so that the rate cannot exceed the rate that was charged for the commercial car or bus on March 21, 2017, which is:

--The base rate on that date (determined by vehicle weight); plus

--An \$11 or \$30 public safety fee; plus

--Any applicable local registration taxes (up to a maximum of \$20).

Additional county motor vehicle registration tax

(R.C. 4504.24, 4501.031, 4501.041, 4501.05, and 4504.10)

The bill authorizes counties to levy and retain an additional \$5 motor vehicle registration tax on motor vehicles registered in the county. In order to levy the tax, a board of county commissioners must hold two public hearings, provide public notice of those hearings in a newspaper of general circulation, and adopt a resolution levying the tax. If the board adopts the resolution, the board must provide written notice to the legislative authority of each municipal corporation and to the board of township trustees of each township located within the county. The board also must submit the issue to the voters and the tax does not take effect unless approved by a majority of the voters.

The additional \$5 motor vehicle registration tax may only be used for specified purposes, including enforcing and administering the tax, paying costs associated with public roads, bridges, and viaducts, paying costs associated with street and traffic signs, markers, and signals, and paying debt service obligations. These specified purposes are consistent with the purposes for which the existing additional county motor vehicle registration taxes may be charged.

Under current law, municipal corporations, townships, and counties may establish a combination of local motor vehicle registration taxes not exceeding \$20 per taxing district. Those taxes are in addition to the base motor vehicle registration tax (for example, \$34.50 for standard noncommercial vehicles) and any taxes established by a transportation improvement district (up to \$20) or a county participating in a regional transportation improvement project (up to \$25).



Limitation on fees for electronic vehicle registration

(R.C. 4503.106)

The bill prohibits any person other than the Registrar of Motor Vehicles, an agent or employee of the Registrar, or a deputy registrar from charging any fee for the submission of an application for motor vehicle registration or registration renewal by electronic means unless all of the following apply:

(1) The person prominently displays on the website on which the registration service is offered that the service is not provided by a government agency;

(2) The person requires any person who seeks to submit an application for registration or registration renewal to specifically confirm that the person understands that the service is not provided by a government agency; and

(3) The person ensures that the website states that a person may submit the application directly to the Registrar and provides a link to the Registrar's website.

The bill specifies that the penalty for a violation of this prohibition is a fine of not more than \$1,000.

This provision of the bill generally applies to entities that offer the service of submitting a motor vehicle registration or registration renewal application on behalf of a motor vehicle owner via the Internet. Generally, those entities charge a fee for that service in addition to the fees the state charges for registration or registration renewal. It should be noted that the Registrar allows for the registration and registration renewal of a motor vehicle via the Bureau of Motor Vehicles' website and does not charge an extra fee for this service.

Vehicle registration renewals

(R.C. 4503.102)

The bill allows the Registrar of Motor Vehicles to send an electronic motor vehicle registration renewal notice if the owner of a vehicle consents to receive the notice electronically. Under current law, the Registrar is required to mail the notice, which alerts the vehicle owner that their vehicle registration needs to be renewed, how the registration may be renewed, and the amount of any taxes or fees that must be paid for renewal.

The bill also allows the Registrar to develop and implement, or permit a deputy registrar to implement, one or more programs that enhance the convenience and availability of motor vehicle registration services. This could include, for example, a



self-service kiosk. The Registrar must adopt rules in accordance with the Administrative Procedure Act establishing the amount of any fee or fees to be paid for the convenience or service provided under the program. Any fee or fees established by the Registrar are in addition to the standard motor vehicle registration fees and taxes under current law. The Registrar currently allows the use of self-service kiosks for vehicle registration renewal at some locations pursuant to a pilot project.

Permanent registration fees for commercial trailers and semitrailers

(Section 745.30)

The bill requires the Registrar of Motor Vehicles to study the benefits and detriments of lowering the permanent registration fees for commercial trailers and semitrailers and streamlining the registration process. The Registrar is also required to consider methods for making Ohio's commercial trailer and semitrailer registration process competitive with states that charge lower registration fees. The Registrar must conduct an analysis of the effect of collecting permanent registration fees using a fee structure similar to that of Indiana. Not later than September 30, 2017, the Registrar is required to submit a report of the Registrar's findings and recommendations to the President and Minority Leader of the Senate and the Speaker and Minority Leader of the House of Representatives.

Malfunctioning traffic control signals

(R.C. 4511.132)

The bill narrows a provision of law that will become effective on March 21, 2017, that allows a vehicle to proceed through an intersection if the traffic control signal is malfunctioning, including due to the failure of a vehicle detector to detect the presence of a vehicle.² Under that law, there are three circumstances in which a vehicle can proceed through an intersection due to a malfunctioning traffic control signal:

- (1) The signal facing the driver exhibits no colored lights or colored lighted arrows;
- (2) The signal exhibits a combination of such lights or arrows that fails to clearly indicate the assignment of right-of-way; or
- (3) The signals are otherwise malfunctioning, including the failure of a vehicle detector to detect the vehicle.

² Am. H.B. 154 was signed by the Governor on December 19, 2016, giving it an effective date of March 21, 2017.



The bill narrows the third provision above, so that only a bicycle may proceed if the signal is malfunctioning due to the failure of a vehicle detector to detect the presence of a bicycle.

Proceeding through an intersection with a malfunctioning signal

Under current law, in any of the circumstances described in (1) to (3) above, the vehicle operator must do all of the following:

(1) Stop at the stop line; if there is no stop line, stop before entering the near crosswalk; if there is no near crosswalk, stop before entering the intersection;

(2) Yield the right-of-way to all vehicles in the intersection or approaching on an intersecting road if they will constitute an immediate hazard while the operator is moving across or within the intersection or junction of roadways; and

(3) Exercise ordinary care while proceeding through the intersection.

Prohibition against leaving a motor vehicle unattended

(R.C. 4511.661)

The bill establishes two exceptions to the prohibition against the operator of a motor vehicle, or a person who is otherwise responsible for a motor vehicle, leaving a motor vehicle unattended without stopping the engine, locking the ignition, and removing the key from the ignition. Under the bill, the prohibition does not apply to a motor vehicle that is parked on residential property or to a motor vehicle that is locked, regardless of where that vehicle is parked. The bill retains the existing exceptions for emergency and public safety vehicles.

License plates

"Ohio Nurses Association" license plate

(R.C. 4503.529)

The bill increases the required contribution for the "Ohio Nurses Association" license plate for registration *renewal* from \$11.50 to \$25. Under current law, the license plate currently requires a \$25 contribution for the initial application and an \$11.50 contribution each year with registration renewal. Contributions collected for the "Ohio Nurses Association" license plate go to the Ohio Nurses Foundation to provide educational scholarships to assist individuals who aspire to join the nursing profession, to assist nurses in the nursing profession who seek to advance their education, and to



support persons conducting nursing research concerning the evidence-based practice of nursing and the improvement of patient outcomes.³

"University of Notre Dame" license plate

(R.C. 4501.21 and 4503.514)

The bill eliminates the authority of the University of Notre Dame in South Bend, Indiana to use any of the contributions collected from issuance of the "University of Notre Dame" special license plate for administrative costs. Current law requires the contributions collected from the issuance of the license plate to be used for awarding scholarships and grants to Ohio residents who attend the University, but permits the University to use up to 20% of the contributions to administer the scholarship program. Thus, under the bill, all of the contributions collected are directed towards the scholarships and grants.

"Share the Road" license plate

(R.C. 4501.21 and 4503.521)

The bill requires the \$5 contribution collected for the issuance of "Share the Road" license plates be deposited into the License Plate Contribution Fund, rather than the Public Safety – Highway Purposes Fund. The bill also directs the contributions to be paid from the License Plate Contribution Fund to the Ohio Bicycle Federation to be used to assist the Federation in paying for the educational programs it sponsors in support of Ohio cyclists of all ages. Under current law, the contributions may be used by the Registrar to create and distribute bicycle safety education materials.

Fund merger

(R.C. 4501.06; repealed R.C. 4501.25; Sections 512.60, 512.70, and 812.30; conforming changes in numerous other R.C. sections)

The bill merges the State Bureau of Motor Vehicles Fund, the State Highway Safety Fund, the Highway Safety Salvage and Exchange Administration Fund, and the Highway Safety Salvage and Exchange Highway Patrol Fund into a single fund called the Public Safety – Highway Purposes Fund. The bill retains the purposes for which money in the existing Funds may be used with regard to the new Public Safety – Highway Purposes Fund. Under current law, the merged funds, the source of revenue for each fund, and the authorized uses of each fund are as follows:

³ R.C. 4503.21, not in the bill.



Funds being merged into the new Public Safety – Highway Purposes Fund		
Existing fund name	Source of revenue	Authorized uses
State Bureau of Motor Vehicles Fund	Derived from taxes, fees, and fines related to vehicle registration, certificates of title to motor vehicles, driver's licenses and commercial driver's licenses, financial responsibility requirements, moving violations, motor vehicle dealers, auction owners, and salespersons, special vehicles, and local noncriminal parking violations.	To pay the expenses of administering the law relative to the powers and duties of the Registrar of Motor Vehicles.
State Highway Safety Fund	Derived from taxes, fees, and fines related to vehicle registrations, driver's licenses and commercial driver's licenses, certificates of title for motor vehicles, inspections of motor vehicles assembled from component parts, driver training school licenses, bus safety inspections, and the release of accident reports.	For purposes 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 and paying the expenses of administering and enforcing the laws related to vehicle registration, driver's licenses and commercial driver's licenses, driver training school licenses, and bus safety inspections.
Highway Safety Salvage and Exchange Administration Fund	Derived from the sale of excess or surplus motor vehicles or other related equipment by the Department of Public Safety, with the exception of such sales by the Bureau of Motor Vehicles and the Investigative Unit.	To purchase replacement motor vehicles and related equipment.
Highway Safety Salvage and Exchange Highway Patrol Fund	Derived from the sale of excess or surplus motor vehicles or other related equipment by the Department of Public Safety, with the exception of such sales by the Bureau of Motor Vehicles and the Investigative Unit.	To purchase replacement motor vehicles and related equipment for the Ohio Highway Patrol.

The changes to the sections involved in the fund merger take effect not earlier than July 1, 2017. The Director of Budget and Management must transfer money from the Highway Safety Salvage and Exchange Administration Fund and the Highway



Safety Salvage and Exchange Highway Fund to the Public Safety – Highway Purposes Fund on that date or as soon as possible thereafter. The Director must transfer a portion of the money from the State Bureau of Motor Vehicles Fund and the State Highway Safety Fund to the Public Safety – Highway Purposes Fund on that date or as soon as possible thereafter and transfer the remainder by January 1, 2018, or as soon as possible thereafter.

Salvage certificate of title

(R.C. 4505.11)

The bill specifies that an insurance company may apply for a salvage certificate of title to a motor vehicle without delivering the physical certificate of title if a physical certificate of title was not issued for the vehicle (i.e., the vehicle only had an electronic certificate of title). Current law only addresses instances in which a physical certificate of title was issued for the vehicle, but the insurance company was not able to obtain that physical certificate of title from the motor vehicle's owner or lienholder within the required 30 business days following the owner or lienholder's acceptance of the insurance company's payment for the vehicle. Under the bill, if the vehicle only had an electronic certificate of title, the insurance company's application for a salvage certificate of title is required to be accompanied by the electronic certificate of title control number and a properly executed power of attorney, or other appropriate document, from the owner of the motor vehicle authorizing the insurance company to apply for a salvage certificate of title.

Motorcycle training course options

(R.C. 4508.08)

The bill requires the Director of Public Safety to authorize private organizations or corporations to offer either a nationally recognized motorcycle training course or curriculum or a course or curriculum designed by DPS. Additionally, the bill requires the Director to permit an applicant for a motorcycle operator's endorsement or motorcycle license who has successfully completed a course offered by a private organization to be eligible for the waiver of the demonstration portion of the rider's examination.⁴

Under current law, the Director administers a motorcycle safety and education program that includes instruction for novice motorcycle operators. If an applicant for a motorcycle operator's endorsement or a motorcycle license has completed the

⁴ R.C. 4507.11, not in the bill.



program's basic instruction course successfully within the past 60 days, the applicant is eligible for a waiver from the requirement to complete the demonstration portion of the rider's examination.

Electronic applications for certificates of title

(R.C. 4505.06 and 4505.09)

The bill requires the Registrar of Motor Vehicles to arrange for a service that enables electronic motor vehicle dealers to electronically submit title applications directly from the dealers' computer systems to the clerks of court not later than December 31, 2017. Under current law, the Registrar is required to allow electronic motor vehicle dealers to submit such applications directly with the Registrar. The bill also requires the use of money from the Automated Title Processing Fund to pay for the service. Money in the Automated Title Processing Fund is derived from fees charged for the issuance of certificates of title. Under current law, the money in the fund may only be used to implement and maintain the Automated Title Processing System, which is used to record titles issued and transferred in Ohio.

Snowmobile and all-purpose vehicle use on Lake Erie Islands

(R.C. 4519.01, 4519.02, 4519.40, and 4519.41)

The bill permits snowmobiles (without metal studded tracks) and all-purpose vehicles to operate on any state highway, including limited access highways and freeways, on the Lake Erie Islands between November 1 and April 30 under certain conditions. Such conditions include that the operator must have a valid driver's license, the snowmobile or all-purpose vehicle must comply with all the rules governing the safety of equipment, the owner must maintain insurance for both on and off-road use, and the operator must obey all traffic rules and regulations. Under current law, snowmobiles and all-purpose vehicles are prohibited from operating on limited access highways and freeways except under emergency circumstances, and only during times and under conditions determined by the Director of DPS.

Additionally, under the bill, the snowmobiles and all-purpose vehicles operated on the state highways on the Lake Erie Islands between November 1 and April 30 are exempt from registration requirements. Under current law, generally snowmobiles and all-purpose vehicles have specific registration requirements, but certain vehicles are exempt from those requirements, such as snowmobiles operated only on the owner's property or all-purpose vehicles operated only for agricultural purposes.



Slower vehicles use of public roads to access farms

(R.C. 4511.216)

The bill permits utility vehicles to use any public roads and rights-of-way, other than a freeway, when the vehicle is traveling from one farm field to another for agricultural purposes, provided that the vehicle displays the triangular slow-moving vehicle emblem (SVM). Under current law, utility vehicles generally are prohibited on any street or highway with a speed limit greater than 35 miles per hour, except for crossing an intersection of such a street or highway or as permitted or limited by local authorities.⁵ The bill does not change the current general prohibition or limitations, but carves out a limited exception for the vehicles when traveling between farm fields. The standards and specifications for the design and position of mounting for the SVM are already established by the Director of DPS.⁶

Regulation of motor-driven cycles and motor scooters

(R.C. 4501.01)

The bill narrows the definition of "motor-driven cycle or motor scooter," so that the regulations related to motor-driven cycles and motor scooters only apply to those that are equipped with a 50 to 100 cc motor, rather than a 50 to 150 cc motor as under current law. Motor-driven cycles and motor scooters are generally regulated similarly to motorcycles, except that motor-driven cycles and motor scooters cannot be operated on roads with a speed limit of more than 45 miles per hour.⁷ As a result of the bill, a motor-driven cycle or motor scooter with a more than 100 cc piston displacement motor is regulated as a motorcycle and is not subject to the above restriction.

Civil action by an insurance company

(R.C. 4513.70)

The bill permits an insurance company to commence a civil action against a storage facility on its own behalf, on behalf of one of its insurance policy holders, or on behalf of a motor vehicle owner. The civil action may be brought for the recovery of a motor vehicle that has been stored, as an objection to the amount billed by the storage facility, or for both purposes. A storage facility is a place to which for-hire motor carriers deliver towed motor vehicles for storage. Under current law, effective April 6,

⁵ R.C. 4511.214 and 4511.215, not in the bill.

⁶ R.C. 4513.11, not in the bill.

⁷ R.C. 4511.214, not in the bill.



2017, an insurance company may already commence such a civil action against a towing service. Under the bill, civil action against a storage facility has the same process for filing, payments, and penalties as exist under current law for the civil actions against a towing service.

DEPARTMENT OF TRANSPORTATION (ODOT)

Variable Speed Limit Pilot Program

- Creates the "Variable Speed Limit Pilot Program" to be administered by ODOT as part of ODOT's involvement in the Smart Mobility Initiative.
- Authorizes the Director of Transportation, under the Pilot Program, to establish variable speed limits on specified highways that differ from the statutory speed limits and criteria for determining the appropriate variable speed limits.
- Requires the Director to submit a report to the General Assembly containing ODOT's findings regarding the effectiveness of variable speed limits not later than 36 months after variable speed limits have been established at five locations.

Volkswagen settlement funding

- Requires the Director of Environmental Protection, in consultation with the Director of Transportation, to distribute \$15 million in each of FY 2018 and FY 2019 from funding received from the Volkswagen Mitigation Trust Agreement or the Volkswagen Zero Emission Vehicle Fund arising from the Volkswagen Clean Air Act Settlement in accordance with a specified preferential scheme.
- Specifies all of the following regarding the scheme:
 - First preference must be given to qualifying projects that provide the greatest quantifiable reduction, in dollars per ton reduction, of carbon dioxide and nitrogen oxide;
 - Second preference must be given to qualifying projects that provide the greatest quantifiable reduction, in dollars per ton reduction, of carbon monoxide, fine particulate matter (pm 2.5), sulfur dioxide, and mercury;
 - The methodology for calculating the quantifiable reductions must be based on the United States Environmental Protection Agency's methodology and



incorporate the Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation model.

- Establishes appropriations of \$15 million for each of FY 2018 and FY 2019 to award to transit authorities for purposes of rolling stock projects to supplement money awarded by ODOT under the Ohio Transit Preservation Partnership Program.
- Requires ODOT to collaborate with the Ohio EPA to ensure distribution of the money complies with the preferential scheme and with the terms of the Volkswagen Clean Air Act Settlement, and specifies that the appropriations are from the Ohio EPA fund that receives the amounts under the settlement.

Highway maintenance vehicle exemptions

- Exempts a highway maintenance vehicle that is being driven to or from a manufacturer, vehicle maintenance provider, or a work location from certain traffic law provisions, including slow speed, passing, and load limit provisions.

Rail fixed guideway systems

- Prohibits a rail fixed guideway system from providing funding to ODOT for ODOT's duties related to overseeing the system's safety practices.
- Makes the reports of investigations or audits pertaining to rail fixed guideway systems owned by a public entity subject to inspection and copying under the Public Records Law.
- Makes such reports or audits potentially admissible as evidence in court proceedings.

Size and weight exemption for vehicles engaged in towing

- For a period of two years beginning on the bill's effective date, expands the current exemption from statutory vehicle size and weight limits applicable to towing vehicles engaged in removing a motor vehicle from an emergency on a public highway.
- Specifically provides that those size and weight limitations do not apply in the following circumstances:

--When a vehicle is engaged in the initial towing or removal of a wrecked or disabled motor vehicle from the site of an emergency on a public highway to the nearest storage facility;



--When the vehicle is en route to the site of an emergency on a public highway to tow or remove a wrecked or disabled motor vehicle; or

--When the vehicle is generally returning from delivering a wrecked or disabled motor vehicle to the nearest site, repair facility, or storage facility after removing the motor vehicle from the site of an emergency on a public highway.

Exit and entrance interchange feasibility study

- Requires ODOT to collaborate with a regional planning organization to perform a study to determine the feasibility of constructing limited access exit and entrance interchanges at least every four miles on an interstate highway within adjacent municipal corporations when specified conditions exist.

Smart Transportation Action Team

- Creates the Smart Transportation Action Team (STAT) with nine members appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives.
- Requires STAT to review, evaluate, and make recommendations to the General Assembly regarding the use of public money for smart transportation initiatives commenced or operated by ODOT, JobsOhio, and Ohio public universities.
- Specifies that a smart transportation initiative is any research, development, and testing related to advances in transportation technology, such as automated and autonomous technology and vehicles.

Advertising Device Control Program improvements

- Requires the Director of Transportation to submit a report to the General Assembly regarding the status of ODOT's implementation of specified improvements to ODOT's Advertising Device Control Program that have been suggested by the Outdoor Advertising Association of Ohio.

ODOT Bridge Partnership Program

- Formally establishes the ODOT Bridge Partnership Program through which ODOT must work with counties and other local jurisdictions to fund the rehabilitation and reconstruction of structurally deficient bridges.
- Requires the Director of Transportation to produce a report that includes recommendations for how ODOT can continue to fund the Program through and after the end of FY 2019 using ODOT's current and continued revenue sources.



Notice of proposed limited access highway or freeway

- Generally requires the Director of Transportation to provide notice of the proposed establishment of a limited access highway or freeway in the same manner as the Director provides notice of a road closure and establishes minimum notice requirements.

National Park System highway signs

- Requires all signs that indicate National Park System areas and that are erected on state highway system highways to display the arrowhead symbol of the National Park Service next to the name of the area.
- Permits currently erected signs to remain without displaying the symbol until the signs are replaced.

"Variable Speed Limit Pilot Program"

(Section 745.10)

The bill creates the "Variable Speed Limit Pilot Program" to be administered by ODOT as part of ODOT's involvement in the Smart Mobility Initiative. Under the program, the Director of Transportation may establish variable speed limits that differ from the statutory speed limits on ten separate locations on any street or highway. As part of the program, the Director must establish criteria for determining the appropriate use of variable speed limits and establish variable speed limits in accordance with those criteria. Such criteria may include the time of day, weather conditions, traffic incidents, or other factors that affect the safe speed on a street or highway, however, a variable speed limit based upon a particular type or class of vehicle is expressly prohibited. A variable speed limit becomes effective when signs giving notice of the speed limit are displayed at the appropriate location.

Not later than 36 months after variable speed limits have been established at five locations, the Director must submit a report to the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representatives. The report must contain ODOT's findings regarding the effectiveness of variable speed limits in controlling the flow of traffic and preventing accidents. The Director then must cease implementing the Pilot Program after December 31, 2018.



Generally, under current law, the Director may only alter the speed limits for a street or highway, or a portion thereof, when the Director determines that the statutory limit is greater or less than is reasonable or safe with regard to that street, highway, or portion of the street or highway, based on a geometric and traffic characteristic study. The Director, in consultation with the Director of Public Safety and local authorities, also may alter the speed limit on certain types of highways, expressways, and freeways after determining that the statutory limit is greater or less than is reasonable or safe based on an engineering study.

Volkswagen settlement funding

(Section 737.10)

The bill requires the Director of Environmental Protection, in consultation with the Director of Transportation, to distribute \$15 million in each of FY 2018 and FY 2019 from funding received from the Volkswagen Mitigation Trust Agreement or the Volkswagen Zero Emission Vehicle Fund arising from the Volkswagen Clean Air Act Settlement in accordance with a specified preferential scheme.

The bill specifies all of the following with respect to the scheme:

- (1) First preference must be given to qualifying projects that provide the greatest quantifiable reduction, in dollars per ton;
- (2) Second preference must be given to qualifying projects that provide the greatest quantifiable reduction, in dollars per ton reduction, of carbon monoxide, fine particulate matter (pm 2.5), sulfur dioxide, and mercury; and

The methodology for calculating the quantifiable reductions must be based on the U.S. Environmental Protection Agency's methodology and incorporate the Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation model.

The bill establishes appropriations of \$15 million, from the Volkswagen Clean Air Act Settlement money, for each of FY 2018 and FY 2019 to award to transit authorities for purposes of rolling stock projects to supplement money awarded by ODOT under the Ohio Transit Preservation Partnership Program.

Finally, the bill requires the Director of Transportation to collaborate with the Director of Environmental Protection to ensure that distribution of the money complies with the preferential scheme and with the terms of the Volkswagen Clean Air Act Settlement, and specifies that the appropriations are from the Ohio EPA fund that receives the amounts under the settlement.



Highway maintenance vehicle exemptions

(R.C. 4511.04)

The bill exempts a highway maintenance vehicle that is being driven to or from a manufacturer, vehicle maintenance provider, or a work location from certain traffic law provisions. Those provisions include the prohibition against operating a vehicle at an unreasonably slow speed, the laws governing lanes of travel and passing, the prohibition against stopping a vehicle on the highway, the prohibition against operating an unsafe vehicle, and vehicle weight, load, and size restrictions.

Under current law, unchanged by the bill, the driver of any highway maintenance vehicle owned by the state or a political subdivision of the state is exempt from the traffic provisions listed above while engaged in the performance of official duties, so long as the vehicle is equipped with flashing lights or other required markings and those lights are in operation. However, the phrase "engaged in the performance of official duties" is undefined. Thus, the bill expands current law by specifying that the phrase "engaged in the performance of official duties" includes driving any highway maintenance vehicle to and from the manufacturer or vehicle maintenance provider and transporting any highway maintenance vehicle, equipment, or materials to and from a work location.

The bill also modifies a provision of current law that specifies that the driver of a vehicle that is engaged in the transport of highway maintenance equipment is not exempt from criminal liability for vehicle weight, load, and size limit violations. The bill limits that provision to a driver who is not a state employee, so as not to conflict with the authorization above.

Rail fixed guideway systems

Funding

(R.C. 5501.55)

The bill prohibits a rail fixed guideway system in Ohio from providing funding to ODOT for ODOT's duties related to overseeing the systems' safety practices. A "rail fixed guideway system" is a light, heavy, or rapid rail system, monorail, inclined plane, funicular, trolley, or automated guideway that is included in the Federal Transit Administration's calculation of fixed guideway route miles or that receives funding for urbanized areas under federal law and is not regulated by the Federal Railroad Administration. There are currently two transit agencies operating rail fixed guideway systems in Ohio covered by the federal program: the Greater Cleveland Regional



Transit Authority (GCRTA) in the Cleveland area and the Southwest Ohio Regional Transit Authority (SORTA) in the Cincinnati area.⁸

Each transit agency is required to develop a system safety program plan that complies with the standards developed by ODOT. While the transit agencies manage the daily safety aspects of the rail fixed guideway system or systems they operate, they report to ODOT and ODOT oversees the overall safety practices of the systems. Under the bill, ODOT cannot receive funding from the rail fixed guideway systems for that oversight.⁹

Public records

(R.C. 5501.55)

The bill makes the reports of investigations or audits pertaining to rail fixed guideway systems owned by a public entity subject to inspection and copying under the Public Records Law. In addition, the bill makes such reports or audits potentially admissible as evidence in court proceedings.

Under current law, reports of investigations or audits conducted by ODOT, a transit agency operating the rail fixed guideway system, or a contractor acting on behalf of ODOT or transit agency are expressly exempt from public records requests. Additionally, under current law, such reports or audits are expressly prohibited from being included as evidence or used for any purpose in a cause of action or a proceeding arising out of a matter referred to in the investigation or audit, unless the cause of action or proceeding is instituted by the State of Ohio or ODOT acting on behalf of the State. Related to the evidentiary exclusion, under current law, no member of ODOT, its employees, or the transit agencies or contractors acting on ODOT's behalf, are required to testify in any action or proceeding related to the information the person would know from the investigations or audits, or to testify as an expert witness in any action or proceeding related to rail fixed guideway systems in which the State of Ohio is not a party. The bill removes such restrictions, thus, making the reports of the investigations or audits and the related testimony potentially available as evidence in court proceedings.

⁸ Ohio Department of Transportation. Office of Transit. *REQUEST FOR PROPOSALS PT-16-1: OHIO RAIL FIXED GUIDEWAY SYSTEM SAFETY AND SECURITY OVERSIGHT PROGRAM*. January 30, 2015. <http://www.dot.state.oh.us>.

⁹ R.C. 5501.56, not in the bill.



Size and weight exemption for vehicles engaged in towing

(Section 755.30)

For a period of two years beginning on the bill's effective date, the bill expands the current exemption from statutory vehicle size and weight limits applicable to towing vehicles engaged in removing a motor vehicle from an emergency on a public highway. Specifically, the bill provides that those size and weight limitations do not apply in any of the following circumstances:

(1) When a vehicle is engaged in the initial towing or removal of a wrecked or disabled motor vehicle from the site of an emergency on a public highway to the nearest storage facility;

(2) When the vehicle is en route to the site of an emergency on a public highway to tow or remove a wrecked or disabled motor vehicle; or

(3) When the vehicle is returning from delivering a wrecked or disabled motor vehicle to the nearest qualified repair facility, or storage facility after removing the motor vehicle from the site of an emergency on a public highway.

Under current law, the exemption from the size and weight limitations is more limited. It applies only to a vehicle engaged in the initial towing or removal of a wrecked or disabled motor vehicle from the site of an emergency on a public highway where the vehicle became wrecked or disabled to the nearest site where the vehicle can be brought into conformance with the statutory size and weight requirements or to the nearest qualified repair facility.¹⁰ Thus, the current exemption does not apply when a towing vehicle is en route to an emergency, when the vehicle is transporting a wrecked or disabled vehicle to a storage facility, or when the vehicle is returning from delivering a wrecked or disabled vehicle after removing it from the site of the emergency.

The bill permanently retains the limited exemption as set forth in current law, but, as indicated above, it eliminates the provisions of the bill governing the expansion of the exemption one year after the bill's effective date.

Exit and entrance interchange feasibility study

(Section 755.40)

The bill requires ODOT, not later than 90 days after the effective date of the bill, to collaborate with a regional planning organization to perform a study for purposes of

¹⁰ R.C. 5577.15, not in the bill.



determining the feasibility of constructing limited access exit and entrance interchanges at least every four miles on an interstate highway within adjacent municipal corporations when all of the following conditions exist:

(1) The adjacent municipal corporations each have a population of more than 30,000 according to the most recent decennial census;

(2) The municipal corporations are located in different counties; and

(3) At least one of the municipal corporations is located in a county with a population of more than one million according to the most recent federal decennial census.

The bill requires ODOT, upon completion of the study, to report the results of the study to the Speaker and Minority Leader of the House of Representatives and the President and Minority Leader of the Senate.

Smart Transportation Action Team

(R.C. 5501.90)

The bill creates the Smart Transportation Action Team (STAT) and requires STAT to review, evaluate, and make recommendations to the General Assembly regarding the use of public money for smart transportation initiatives commenced or operated by any of the following:

(1) ODOT;

(2) JobsOhio; or

(3) Ohio public universities.

A smart transportation initiative is any research, development, and testing related to advances in transportation technology. Such technologies may include automated and autonomous technology and vehicles, equipment used on and inside a vehicle pertaining to the function of the vehicle and the safety of the driver and passengers, and methods of controlling traffic flow and reducing congestion on highways.

STAT is required to consist of nine members with five appointed by the Governor, two appointed by the President of the Senate, and two appointed by the Speaker of the House of Representatives. Of the five members appointed by the Governor, one must be from ODOT (that member serves as chair of STAT), one must be from the Transportation Research Center, two must be from the automobile industry,



and one must be from any other organization, agency, or background determined appropriate by the Governor. Of the two members appointed by both the President and the Speaker, each must represent a different political party. The members of STAT serve without compensation.

Advertising Device Control Program improvements

(Section 755.50)

The bill requires the Director of Transportation to submit a report to the General Assembly regarding the status of ODOT's implementation of specified improvements to ODOT's Advertising Device Control Program (ADC Program) that have been suggested by the Outdoor Advertising Association of Ohio. Such suggestions include:

- (1) Increased enforcement regarding nonconforming devices;
- (2) The implementation of an electronic system for permit filing and payments;
- (3) The adoption of policies and procedures to improve the operational efficiency of the ADC Program;
- (4) The adoption of pending improvements to the Vegetation Maintenance Policy;
- (5) The adoption of the suggested Lumen Output Standards for all off-premise digital advertising;
- (6) The adoption of improvements and guidelines to Ohio's Scenic Byway and Scenic Segmentation Policy; and
- (7) The adoption of a revised penalty and fine structure for violations to the ADC Program's rules and regulations.

The report must be submitted to the General Assembly not later than six months after the effective date of the bill.

ODOT Bridge Partnership Program

(R.C. 5501.491)

Since 2014, the Ohio Department of Transportation (ODOT) has operated the Ohio Bridge Partnership Program for purposes of repairing structurally deficient county and municipal bridges. The bill formally establishes and codifies the ODOT Bridge Partnership Program, with requirements that are consistent with the current



practices of the Program. The bill requires ODOT to work with counties and other local jurisdictions to fund the rehabilitation or reconstruction of selected bridges that are located on county roads or within municipal corporations and are owned by a county or municipal corporation. Under the bill, in order to be eligible for the ODOT Bridge Partnership Program, a bridge must meet all of the following criteria:

- (1) The bridge is not less than 20 feet long;
- (2) The bridge is structurally deficient, meaning that the bridge is safe for use but in need of repair; and
- (3) The bridge is currently open and carrying vehicular traffic.

In choosing bridges for the Program, the Director of ODOT must confer with the appropriate county or municipal officials. The Program may include embankments, drainage, and other issues related to a bridge that is chosen.

Report

The bill also requires the Director of Transportation to produce a report that includes recommendations for how ODOT can continue to fund the Program through and after the end of FY 2019 using ODOT's current and continued revenue sources. The Director must submit the report within 90 days of the effective date of the bill to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

Repeal of the bill's provisions

All provisions of the bill are repealed effective July 1, 2019.

Notice of proposed limited access highway or freeway

(R.C. 5511.02)

The bill requires that, prior to establishing any road as a limited access highway or freeway, the Director of Transportation must provide notice in the same manner as the Director provides notice of a road closure. The Director must, at a minimum, publish notice of the proposal at least twice in a newspaper of general circulation in each county where the limited access highway or freeway is proposed to be established. The Director also must provide the notice to each statewide organization that represents farmers within Ohio at least four weeks prior to taking action on the proposal.

The notice required under the bill must include all of the following information:

- (1) The location of the proposed limited access highway or freeway;



(2) The manner by which comments regarding the proposal may be submitted, as established by the Director; and

(3) The date by which comments must be received, which shall be not less than 30 days after the last date of publication in a newspaper of general circulation.

National Park System highway signs

(R.C. 5511.10; 36 C.F.R. 11.1, not in the bill)

The bill requires all signs that indicate National Park System areas and that are erected on state highway system highways to display the arrowhead symbol of the National Park Service next to the name of the area. The arrowhead symbol is described in the Code of Federal Regulations and is the National Park Service's official emblem. Under the bill, all currently erected signs that do not display the arrowhead symbol are not required to be replaced until replacement is required under the standard procedures and replacement schedule established by ODOT.

DEPARTMENT OF TAXATION

Motor fuel excise tax

- Consolidates the five existing levies, which total 28¢ per gallon, into one 28¢ levy and changes the statutory language governing the distribution of revenue from the tax among the various state funds, including those funds from which distributions are made to local governments.
- Increases the portion of the tax to be spent for local road and bridge projects through the Public Works Commission (PWC) Local Transportation Improvement Program (LTIP) and correspondingly decreases the amount available for state projects.
- Continues the prompt payment/evaporation discount for fuel dealers and the shrinkage refund for retailers at their current levels through the FY 2018-FY 2019 biennium.
- Requires dealers in aviation fuel to register for a license with the Department of Taxation and to file monthly reports with the Department.
- Modifies requirements governing the list of licensed motor fuel dealers.



Property Tax Administration Fund

- Temporarily suspends additional funding, during the FY 2018-2019 biennium, for the fund that is used to defray the state's property tax administration expenses.
- Permanently reduces the share of property tax revenue credited to that fund and scales the funding directly to the annual administrative expenses instead of a fixed percentage of property tax collections.

Motor fuel excise tax

The motor fuel excise tax consists of five separate levies that, together, total a rate of 28¢ per gallon. The tax applies to gasoline, diesel, kerosene (other than K-1 grade), and all other liquid fuels, including liquid natural gas and liquid petroleum gas. Nearly all revenue from the tax is devoted, by constitutional command, solely to road and highway purposes including construction, maintenance, signals and signs and other traffic control systems, various other highway related purposes, and to retiring debt issued for such purposes. A small percentage of the revenue is attributed to tax-paid fuel for boats or other water-going vessels, and that part of the revenue is used for various waterway-related purposes.

Consolidation of levies, revenue distribution

(R.C. 5735.05, 5735.051, and 5735.23 to 5735.30; Sections 512.20, 512.50, 757.10, and 812.40)

Currently, the 28¢ per gallon tax on motor fuel is composed of several distinct levies, each originally imposed at different times and for varying, but largely overlapping, purposes, all related to roads and highways. There is an 8¢ levy, a 2¢ and a 1¢ levy, and a 17¢ levy (itself composed of a 15¢ and a 2¢ component). Corresponding with each distinct levy is a revenue distribution scheme to allocate revenue to various state or local road and highway purposes. Revenue equivalent to about 19.3¢ per gallon, plus 2% of all revenue, is credited to the Highway Operating Fund, which is the primary state source of the road and highway funding. Revenue equivalent to about 6.9¢ per gallon is distributed among counties, townships and municipal corporations through the Gasoline Excise Tax Fund, and 1¢ per gallon is devoted to local funding of roads and bridges through the state's local infrastructure program. Several other smaller distributions are made from the remaining revenue.

The bill consolidates all the distinct levies into one 28¢ levy, but largely preserves the current distribution of revenue among the various funds and purposes. Somewhat



more of the revenue will be allocated to local governments through the state's local infrastructure program (see below). Some changes are made to the language providing for how money is distributed to local governments through the Gasoline Excise Tax Fund (see LSC comparison document for further discussion).

The bill maintains the current law requirement that counties, townships, and municipal corporations must use some of the revenue they receive from the tax – the equivalent of 1.5¢ per gallon – to supplement, not supplant, their own local road spending.

The consolidation of the levies and changes to the revenue distribution language begin to apply January 1, 2018. The bill eliminates the State and Local Government Highway Distribution Fund, which currently serves only to hold money from the 17¢ levy for eventual allocation to the Highway Operating Fund and the Gasoline Excise Tax Fund. Any money remaining to the credit of the State and Local Government Highway Distribution Fund on January 1, 2018, is to be transferred to the Gasoline Excise Tax Fund.

Local Transportation Improvement Program (LTIP)

The bill increases the amount of fuel tax revenue committed to local road and bridge funding through the Public Works Commission Local Transportation Improvement Program (LTIP), an adjunct of the state's local infrastructure program. Currently, the equivalent of 1¢ per gallon is devoted to such funding (3.57% of total fuel tax revenue). The bill increases this to 1.25¢ for FY 2018 and 1.5¢ thereafter (about 4.46% and 5.36% of the total revenue, respectively).¹¹

The additional earmark for LTIP would correspondingly reduce the amount of revenue for state project funding through the Highway Operating Fund, from which the additional LTIP allocation is taken. The current 1¢ LTIP earmark is taken from the Gasoline Excise Tax Fund (GETF), which is used to distribute revenue among counties, townships, and municipal corporations for their local road and bridge funding. The 1¢ earmark would continue to be taken from the GETF.

Under the PWC Local Transportation Improvement Program, the PWC makes grants for local road and bridge projects recommended by the PWC district integrating committees. The grant money is allocated among the 19 districts on a per-capita basis, and each district committee must evaluate local projects on the basis of the project's contribution to safety, alleviating traffic problems, economic development, orderly

¹¹ R.C. 5735.051(A)(2)(a)(i) and (C)(4); Section 757.25. The additional percentages in the bill (3.85% for FY 2018 and 7.7% thereafter) are expressed as a percentage of the 6.5¢ portion of the 28¢ total levy.



growth, and other criteria. In each district over a five-year period, one-third of the grant money must be spread among subdivisions in the district in the following proportions: 37.2% to the county or counties, 20% to townships (except in particularly urbanized counties), and 42.8% to municipal corporations.¹²

Refunds

Under continuing law, transit systems, school districts, and county developmental disability boards are entitled to refunds for at least some part of the fuel excise tax that was paid on the fuel used by those entities. The bill continues those refunds at the current levels, although the language is changed to reflect the bill's consolidation of the levies. Transit systems may be refunded 27¢ per gallon, and school districts and developmental disability boards may be refunded 6¢ per gallon.

Biennium-specific distributions

(Sections 512.20 and 757.10)

The bill continues to allocate 2% of all fuel excise tax revenue to the Highway Operating Fund before distributions are made under the statutory formula in codified law. This allocation will be made throughout the FY 2018-FY 2019 biennium (Sec. 757.10). This is a continuation of the 2% allocation for the FY 2014-FY 2015 and FY 2016-FY 2017 biennia. The bill also continues monthly transfers from the Highway Operating Fund to the Gasoline Excise Tax Fund for ultimate distribution to counties, townships, and municipal corporations (Sec. 512.20). The total amount to be transferred in FY 2018 is \$170,437,584 and in FY 2019 the transfer is to be \$172,360,236. These transfers are in addition to the 1.5¢ of the 8¢ levy that is distributed to local governments and are to be distributed in the same proportions among local governments as the 1.5¢ portion.

Public transit match

(Section 203.80)

The bill specifically authorizes the Director of Transportation to use revenue from the fuel excise tax to match federal grants to the state or to public transit systems to fund public transportation projects. Such projects may include construction of high-occupancy lanes, park-and-ride facilities, public transit loops, transit-related bridges, and other "public transportation highway purposes," but no fuel excise tax revenue may be used for operations or to purchase vehicles, equipment, or maintenance facilities.

¹² R.C. 164.14.

Prompt payment discount and shrinkage allowance reduction

(R.C. 5735.06(B) and 5735.141; Section 757.20)

The current codified law governing the motor fuel excise tax (R.C. 5735.06) provides that a (wholesale) motor fuel dealer that properly files and pays monthly taxes may deduct the tax due on 3% of the fuel the dealer received, minus 1% of the fuel sold to retail dealers. This discount is to cover the costs of filing the report and to account for evaporation, shrinkage, and other losses. However, each of the last five transportation appropriation acts reduced the 3% discount to 1% (minus 0.50% of fuel sold to retail dealers) for each year since FY 2008; the current, reduced discount ends June 30, 2017, at which time the discount would revert back to 3% barring any legislative change.

The bill extends the discount at the current 1% level for two more years, until June 30, 2019.

Existing codified law also grants a refund to retail fuel dealers who have purchased fuel on which the excise tax has been paid to account for evaporation and shrinkage (R.C. 5735.141). The refund equals 1% of the taxes paid on the fuel each semiannual period. But the retailer refund has been reduced to 0.5% for each fiscal year from 2008 through 2017 by the last five transportation appropriation acts.

The bill extends the current 0.5% retailer refund through June 30, 2019.

Aviation fuel dealer licensing and reporting

(R.C. 5735.024, 5735.19, and 5735.20; Section 812.40)

The bill requires anyone who obtains aviation fuel in order to sell it for consumption in Ohio to register with the Department of Taxation for an aviation fuel dealer's license and to file monthly reports to the Department. Aviation fuel is not subject to the motor fuel tax (instead it is subject to sales and use taxes), and the monthly reporting does not involve remitting any tax. Failure to register would be punishable as a fourth degree misdemeanor, as is the case for other persons who are required, but fail, to register with the Department under the motor fuel tax law. Aviation fuel dealers would be subject to the same document inspection requirements as motor fuel dealers and the same penalties for failing to file reports on time or as otherwise required by law.

Under the bill, aviation fuel is defined to be any fuel used in aircraft, including aviation gasoline and aviation grade kerosene.

The registration and reporting requirements take effect January 1, 2018.



Public list of dealers and retailers

The bill modifies an existing requirement for the Tax Commissioner to publish a list of motor fuel dealers that have filed a monthly tax report. Currently, the list must include, for each dealer, the dealer's name, address, tax account identification number, and the number of gallons of taxable fuel to be reported by the dealer.

The bill requires dealers to be included on the list if they are licensed (not just if they filed a report) and expands the list to include licensed retail fuel dealers and licensed aviation fuel dealers. It also eliminates the requirement that the list include the quantity of fuel reported, and specifies that the list be published on the Department of Taxation's website.

Property Tax Administration Fund

(R.C. 5703.80; Section 757.30)

The bill suspends, for the FY 2018-FY 2019 biennium, additional funding for the Property Tax Administration Fund, which is used to defray the Department of Taxation's expenses in performing its property tax administration duties. Those duties include overseeing and directing county-level assessments, assessing public utility property, and making tax exemption determinations. The bill also permanently limits the amount of such funding in future years (FY 2020 and thereafter) to the estimated costs of the Department's property tax administration responsibilities. Currently, funding is based on a fixed percentage of property taxes charged. The percentage in future years will be limited to no more than 0.25% of taxes on real property (the current fixed percentage is 0.48%) and 0.45% of taxes on public utility tangible personal property (currently 0.951%), even if the estimated costs would require greater percentages.

The Property Tax Administration Fund receives transfers from the GRF, but the GRF is reimbursed for the transfers by local taxing units through a reduction of their own reimbursements for the 10% reduction in nonbusiness property taxes (except to the extent that a taxing unit's reimbursement is less than its share of the PTAF; in that case, the GRF covers the shortfall). Under the bill, the transfers from the GRF are suspended during the FY 2018-FY 2019 biennium.



LOCAL GOVERNMENT

- Authorizes townships and municipal corporations to enter into agreements to jointly provide for the maintenance, repair, and improvement of township and municipal roads.
- Generally requires a county engineer, with regard to the annual inspections of each bridge, to alternate doing a full inspection one year and then partial inspection the following year.
- Requires all counties and all regional transit authorities to provide an annual report to the Director of Transportation and the Tax Commissioner on local spending for local airport-related capital and operating costs, and costs for other airport-related activities, for the previous state fiscal year.

Township and municipal road agreements

(R.C. 505.90)

The bill authorizes the board of township trustees of one or more townships and the legislative authority of one or more municipal corporations to enter into an agreement to jointly provide for the maintenance, repair, and improvement of township and municipal roads located within the townships and municipal corporations. The bill requires such an agreement to include provisions governing all of the following:

- (1) The sharing and use of facilities, equipment, and materials necessary for road maintenance, repair, and improvement;
- (2) The use of township and municipal employees for purposes of the agreement;
- (3) The payment of costs associated with the maintenance, repair, and improvement of roads conducted under the agreement; and
- (4) Any other matter determined to be necessary for purposes of implementing and executing the agreement.

County bridge inspections

(R.C. 5543.20)

Under current law, the county engineer is required to inspect all bridges on the county highway system (regardless of whether those bridges are within a municipal



corporation), all bridges on township roads, all bridges that the county is responsible for by law or pursuant to an agreement, and all bridges for which the county performs the largest share of maintenance. The county engineer must perform the inspection on an annual basis, or more frequently if it is required by the board of county commissioners in accordance with the ODOT Manual of Bridge Inspection. The bill requires the county engineer to continue to conduct the inspection on an annual basis, but to alternate doing a full inspection one year and then a partial inspection the following year.

Report of local airport-related spending

(R.C. 306.50)

The bill requires all counties and regional transit authorities to provide an annual report, on or before August 31 of each year, to the Director of Transportation and the Tax Commissioner that specifies the total amount of local spending during the previous state fiscal year for capital costs, operating costs, and any costs for activities related to each of the following:

(1) Local airports;

(2) Local airport systems; and

(3) Any other local facility that is directly and substantially related to the air transportation of passengers or property and is owned or operated by any person or entity that owns or operates an airport.

OTHER PROVISIONS

Cash transfers

- Specifies that the Director of Budget and Management may transfer up to \$200 million in the biennium ending on June 30, 2017 from non-General Revenue Funds that are not constitutionally restricted to the General Revenue Fund to support GRF appropriations.
- Specifies that if any unexpended, unobligated cash remains in the Health and Human Services Fund as of June 30, 2017, the Director of Budget and Management may transfer the money to the Budget Stabilization Fund or the GRF, and establishes parameters under which the Director may make such transfers to the GRF.



State Capital Improvements Fund assistance

- Alters a district public works integrating committee's annual allocation that must be granted as loans and local debt support and credit enhancements as follows:
 - Decreases the portion of the allocation must be so granted from 15% to 10%;
 - Changes the application of the grant allocation requirement to year 32 and thereafter (instead of year 30 and thereafter as under current law).

Natural gas company infrastructure development rider

- Changes the limit for a natural gas company infrastructure development rider to \$1.50 per monthly billing period per customer (current law is \$2/year/customer for economic development projects and \$1/year/customer for SiteOhio projects) with the effect that the recovery amount per customer increases.
- Clarifies that only one infrastructure development rider maybe approved per natural gas company.

Financial responsibility instruments in agency rules

- Requires an agency to review its existing rules to identify rules that require financial responsibility instruments as a condition of licensure.
- Requires an agency that is proposing a new rule or amending an existing rule that requires a financial responsibility instrument as a condition of licensure to conduct a search to determine if the required instrument is readily available.
- Requires an agency that is proposing a new rule or amending an existing rule to certify to the Joint Committee on Agency Rule Review that it conducted a search for a required financial responsibility instrument.
- Requires an agency proposing a draft rule with an adverse impact on businesses to certify to the Common Sense Initiative Office that it conducted a search to ensure that any required financial responsibility instrument is readily available.

Healthier Buckeye Grant Pilot Program

- Continues the Healthier Buckeye Grant Pilot Program through December 31, 2017.

Sale of national forest timber

- Requires the Director of Natural Resources to distribute money received by the state pursuant to federal law from the sale of national forest timber and other national



forest products to the applicable county or counties in which the national forest is situated.

- Requires each county that receives money from the Director to use 50% of the money for maintaining county roads and bridges and 50% for the benefit of public schools.

Sewer and drainage assessment exemption for railroad property

- Exempts certain railroad land from assessments for sewer and drainage improvements.

Application fee to transport brine under Oil and Gas Law

- Decreases the application fee for a registration certificate to transport brine from \$500 to \$50.

Prevailing wage – employee information

- Requires that every contractor or subcontractor subject to the Prevailing Wage Law supply to the contracting public authority's prevailing wage coordinator the last four digits of each employee's Social Security number instead of an employee's Social Security number as under current law.

Cash transfers

GRF from non-GRF funds

(Section 610.10)

The bill modifies the amount that the Director of Budget and Management may transfer from non-General Revenue Funds that are not constitutionally restricted to the General Revenue Fund (GRF) in order to ensure that available GRF balances are sufficient to support GRF appropriations. The bill specifies that, notwithstanding any provision of law to the contrary, the Director may transfer up to \$200 million in the biennium ending on June 30, 2017. Current law authorizes the Director to transfer up to \$60 million in fiscal years 2016 and 2017.



Health and Human Services Fund

(Section 610.10)

The bill specifies that if any unexpended, unobligated cash remains in the Health and Human Services Fund as of June 30, 2017, the Director of Budget and Management may transfer the money to the Budget Stabilization Fund or the General Revenue Fund. Under current law, such remaining money must be transferred to the Budget Stabilization Fund. The Health and Human Services Fund is used to pay any costs associated with programs or services provided by the state to enhance the public health and overall health care quality of citizens of Ohio.

The Director may transfer cash from the Health and Human Services Fund to the GRF only:

(1) If such a transfer is necessary to fully fund Ohio's FY 2017 obligations for GRF-backed debt service payments and for the homestead exemption, the property tax rollback, and other specified payments;

(2) If such a transfer is necessary to fully support existing FY 2017 GRF appropriations for the Departments of Education, Higher Education, and Rehabilitation and Correction; or

(3) If such a transfer is necessary, to provide for an appropriate GRF ending fund balance for FY 2017.

Within seven days after making such a transfer, the Director must provide a notification of the transferred amount to the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representatives.

State Capital Improvements Fund assistance

(R.C. 164.05)

The bill alters a district public works integrating committee's annual allocation share of the State Capital Improvements Fund that goes towards loans or local debt support and credit enhancements as follows:

- Decreases the portion of the allocation for loans, local debt support, and credit enhancements from 15% to 10%;
- Changes the application of the grant allocation requirement to year 32 and thereafter (current law applies the requirement to year 30 and thereafter).



Under continuing law, constitutionally authorized state bond issues are used to fund local infrastructure assistance in the form of grants and loans and other borrowing assistance to local governments. Loan repayments fund a revolving loan fund, which in turn is used to make loans to also fund local infrastructure improvement.¹³

Natural gas company infrastructure development rider

(R.C. 4929.161, 4929.162, 4929.163, and 4929.166; R.C. 4929.164 (repealed); Section 749.10; R.C. 122.9511, not in the bill)

Rider monthly recovery limit change

The bill changes the limit on the amount a natural gas company is able to recover under an infrastructure development rider to no more than \$1.50 per Ohio customer per monthly billing period. This new limit applies to all PUCO-approved economic development projects, which include projects for which an application has been made for certification under the SiteOhio certification program. Continuing law requires that a company must recover the same amount from every customer in a billing period.

Under current law, the recovery limit is \$2 per Ohio customer per calendar year for economic development projects and \$1 per Ohio customer per calendar year for a project submitted for certification under the SiteOhio certification program. By changing these limits and providing for rider-recovery on a monthly billing period basis, the bill has the effect of increasing the amount that may be recovered.

Monthly recovery transitional authority

Under the bill, an infrastructure development rider that was approved prior to the bill's effective date is to be subject to the bill's new rider provisions. If a rider was approved to recover costs for a project that was certified under the SiteOhio certification program, the company is permitted to continue infrastructure development cost recovery under that rider until they are fully recovered. Recovery of those costs, however, is to be included in calculating the customer charge that is subject to the \$1.50 cap established under the bill.

Elimination of separate treatment of SiteOhio projects

The bill repeals the separate process for PUCO approval, for infrastructure development rider recovery, of an economic development project that has been submitted to the Director of Development Services for the SiteOhio certification program. Under continuing law, the SiteOhio certification program certifies eligible

¹³ R.C. 164.08, not in the bill.



projects for listing on the Department of Development's website and to be marketed by the Director to interested persons. The bill includes such projects with all other economic development projects for which cost recovery is sought under an infrastructure development rider.

Under current law, a natural gas company may request the PUCO to approve the submitted SiteOhio project for infrastructure development cost recovery under an infrastructure development rider using an accelerated review process established in PUCO rules.

Limit on number of riders

The bill expressly provides that the PUCO can only approve one infrastructure development rider per natural gas company. Although current law does not expressly permit more than one rider, neither does it expressly prohibit more than one.

Financial responsibility instruments in agency rules

(R.C. 106.03, 119.03, and 121.82)

The bill creates new process requirements for state agencies that propose or amend rules that require a person to obtain a financial responsibility instrument, liability insurance, or a bond as a condition to receive a license. Agencies must review all existing rules to identify any rules that require a financial responsibility instrument as a condition for a person to receive a license. When an agency proposes a new rule or amends an existing rule that requires a financial responsibility instrument for a license, the agency must conduct a search to determine whether the financial responsibility instrument required by the rule is available in the required amount. After conducting the search, the agency must certify that it conducted the search to the Joint Committee on Agency Rule Review. If the rule requires a financial responsibility instrument for a license and also has an adverse impact on businesses, the agency must additionally certify that it conducted a search for any required financial responsibility instruments to the Common Sense Initiative Office. Current law does not require agencies to conduct searches for required financial responsibility instruments.

Healthier Buckeye Grant Pilot Program

(Section 610.13; Section 305.30 of H.B. 64 of the 131st General Assembly)

The bill authorizes continuation of the Healthier Buckeye Grant Pilot Program through December 31, 2017. Under the Program, the Director of Job and Family Services awards grants to local healthier buckeye councils and other individuals and organizations based on criteria recommended by the Ohio Healthier Buckeye Advisory



Council. The Program's purpose is to promote financial self-sufficiency and reduced reliance on public assistance. The grants were to be awarded in FYs 2016 and 2017, but the bill extends that date to December 31, 2017 and makes conforming changes to the Healthier Buckeye Fund.

Sale of national forest timber

(R.C. 1503.35)

The bill requires the Director of Natural Resources to distribute money received by the state pursuant to federal law (16 U.S.C. 500) from the sale of national forest timber and other national forest products to the applicable county or counties in which the national forest is situated. Each county that receives such money must use 50% of the money received for maintaining county roads and bridges and 50% for the benefit of public schools.

Sewer and drainage assessment exemption for railroad property

(R.C. 4907.64)

The bill exempts real property owned by a railroad and upon which a railroad track is situated from any storm water drainage or sanitary sewer assessment levied by a political subdivision, including assessments levied under the Revised Code or levied by a municipal corporation under the municipal corporation's constitutional home rule authority.

Application fee to transport brine under Oil and Gas Law

(R.C. 1509.222)

The bill decreases the application fee for a registration certificate to transport brine from \$500 to \$50.

Prevailing wage – employee information

(R.C. 4115.071)

The bill requires that every contractor or subcontractor subject to the Prevailing Wage Law supply to the contracting public authority's prevailing wage coordinator the last four digits of each employee's Social Security number instead of an employee's Social Security number as under current law. Ohio's Prevailing Wage Law generally requires that workers on certain public construction projects be paid at least the prevailing wage. Under continuing law, a public authority must designate and appoint a prevailing wage coordinator for each project subject to the Prevailing Wage Law to



monitor contractor compliance with the Law, and contractors and subcontractors subject to the Law are required to supply specified information, including information on each employee, to the prevailing wage coordinator.

COMMENT

The bill establishes rates for the registration of in-state commercial cars and commercial buses that are lower than the rates for an out-of-state vehicle that is subject to the International Registration Plan (IRP). As a result, a court could find that the rates impose an undue burden on interstate commerce and thus violate Article I, Section 8 of the United States Constitution.

NOTE ON EFFECTIVE DATES

(Sections 812.10 and 812.20)

The bill includes a default provision stating that, except as otherwise specifically provided, the amendment, enactment, or repeal of a section is subject to the referendum under the Ohio Constitution and takes effect on the 91st day after the bill is filed with the Secretary of State (barring the filing of a referendum petition). The bill also includes specific exceptions to the default provision, for the fund merger and tax provisions, as discussed above.

Article II, Section 1d of the Ohio Constitution states that "appropriations for the current expenses of state government and state institutions" and "[l]aws providing for tax levies" go into immediate effect and are not subject to the referendum. The bill includes a statement that an appropriation of money under the bill is not subject to the referendum if a contemplated expenditure is wholly to meet a current expense within the meaning of the Ohio Constitution and R.C. 1.471. However, the appropriation is subject to the referendum if a contemplated expenditure is wholly or partly not to meet a current expense within the meaning of those provisions.



HISTORY

ACTION	DATE
Introduced	02-01-17
Reported, H. Finance	02-27-17
Passed House (83-13)	03-01-17
Reported, S. Transportation, Commerce & Workforce	---

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