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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 359
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. Wiggam and Richardson

Local Impact Statement Procedure Required: No

Maggie West, Senior Budget Analyst

Highlights

- Initially, the state will lose between \$20,000 and \$30,000 in tax and fee revenues collected annually for use by the Department of Public Safety. Certain political subdivisions will lose negligible amounts of revenue annually from permissive taxes and/or deputy registrar fees. Those annual revenue losses will decrease in subsequent years, as there will be fewer living World War II veterans.

Detailed Analysis

The bill allows veterans of World War II to obtain a "World War II" license plate without paying annual motor vehicle registration taxes and fees. Specifically, the bill exempts such veterans from paying the base vehicle tax (\$20 for a passenger car), the base Bureau of Motor Vehicles (BMV) registration fee (\$11), permissive local motor vehicle taxes (\$0 to \$30 depending upon taxing district), and any deputy registrar fee.¹

Under current law, World War II veterans are already able to obtain a "World War II" license plate at no cost, but standard registration taxes and fees still apply. In calendar year (CY) 2018, there were 726 active World War II license plates. The remainder of this fiscal note operates under the following two assumptions:

1. The 726 veterans with a "World War II" license plate generally registered a passenger car, as opposed to a truck, trailer, motorcycle, or motor home or house vehicle.

¹ The deputy registrar fee is currently set in rule at \$3.50. The Department of Public Safety has filed a rule that would increase that fee to \$5.00, or by \$1.50, as mandated by H.B. 166 of the 133rd General Assembly.

2. The annual revenue losses described below will decrease in subsequent years, as there will be fewer living World War II veterans.

Had the bill been in effect in 2018, the state would have lost \$14,520 (\$20 base vehicle tax for a passenger car x 726) in vehicle taxes and \$7,986 (\$11 BMV registration fee x 726) in registration fees for a total revenue loss of \$22,506 (\$31 x 726). Under current law, unchanged by the bill, this tax and fee revenue is credited to the existing Public Safety – Highway Purposes Fund (Fund 5TMO). The Department uses the fund for the purpose of enforcing and paying the expenses of administering the laws relative to the registration and operation of motor vehicles on public roads and highways.

Local permissive taxes

A vehicle registration permissive tax is an optional tax that counties, municipalities, and/or townships can levy on vehicle registrations. These taxes are levied in \$5 increments. There are currently 11 levies that counties and taxing districts can enact however, current law states that only six can be in effect at any given time. Therefore, the maximum amount of permissive tax that any single taxing district can levy is \$30.

Had the bill been in effect in CY 2018, political subdivisions could have lost as much as \$21,780 (\$30 maximum amount of permissive taxes levied per taxing district x 726 license plates) in local permissive tax revenue statewide. The impact on any given political subdivision would depend upon the number of World War II license plates issued, as well as the amount of permissive taxes levied by the taxing district in which the license plate holder resides.

Under current law, unchanged by the bill, permissive tax revenue levied by counties and taxing districts can only be used for planning, construction, improvement, maintenance, and repair of public roads, highways, and streets, as well as for the maintenance and repair of bridges and viaducts.

Deputy registrar fees

The bill exempts World War II veterans who receive World War II license plates from paying any deputy registrar fee. The resulting loss in deputy registrar fees will run roughly \$2,000 to \$4,000 annually statewide. There are approximately 200 deputy registrar locations statewide, most of which are operated by private independent contractors. Thirteen deputy registrar locations are operated by either the clerk of the court of common pleas or county auditor. The Registrar of Motor Vehicles also collects a deputy registrar fee for processing online and mail-in transactions. For any given entity serving as a deputy registrar, the annual loss in fee revenues will be negligible.