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# OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 194  
135<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Rep. K. Miller

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### SUMMARY

- Authorizes the Registrar of Motor Vehicles to enter into a contract, via a competitive selection process, with a vendor to operate a special license plate program.
- Requires the vendor, under the contract, to design, market, sell, and issue specialty license plates required to be issued under current law and new specialty license plates, as well as facilitate the registration of vehicles issued license plates under the contract.
- Stipulates that the contract between the private vendor and the Registrar must include certain provisions, including:
  - A requirement that the private vendor use electronic infrastructure that is compatible with infrastructure used by the Bureau of Motor Vehicles (BMV) for motor vehicle registration purposes;
  - Terms governing the security of the information exchanged between the Registrar, the private vendor, and any other third parties;
  - Terms allowing a motor vehicle owner or lessee to select the combination of letters and numbers appearing on a license plate and various design features;
  - Provisions allowing the vendor to enter into an agreement to create new license plates not currently offered by the BMV; and
  - An allowance for the private vendor to collect fees that are in addition to any applicable motor vehicle registration taxes and fees, provided that the private vendor remit the fees to the Registrar for deposit in the drug law enforcement fund.
- Limits the contract between the Registrar and the private vendor to two years, but allows the contract to be extended for additional two-year periods.
- Exempts the private vendor from an existing general prohibition against charging a fee for online motor vehicle registrations unless specified conditions exist.

- Authorizes the Registrar to disapprove of any proposed specialty license plate that does not meet the standards of the BMV regarding the design and content of specialty license plates.
- Prohibits the Registrar from restricting the background color, color combinations, or color alphanumeric license plate numbers of a specialty license plate proposed by the private vendor except for purposes of public safety.

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## DETAILED ANALYSIS

### Private vendor specialty license plate program

Under current law, the Registrar of Motor Vehicles must issue a variety of specialty license plates, which may be used in lieu of the standard license plate issued to the majority of Ohio motorists. Each specialty license plate is authorized by statute and honors the military and military awards or highlights various organizations, schools, and sports teams. Examples of specialty license plates include:

The Distinguished Flying Cross license plate



The Ohio State University license plate (one of three types)



Ohio State Beekeepers license plate



The bill establishes a program whereby the Registrar must enter into a contract with a private vendor to issue specialty license plates. The private vendor is selected by the Registrar through a competitive bidding process. The specialty license plate program established by the bill operates alongside the current statutory process for establishing and issuing specialty

license plates. As a result, a person may choose to apply for a specialty license plate through the Registrar or through the contractor-operated specialty license plate program.<sup>1</sup>

### **Private vendor authority**

Under the contract, the private vendor must design, market, sell, and issue specialty license plates, including those required by law to be issued by the Registrar. The vendor also must facilitate the initial and renewal registrations of motor vehicles for owners and lessees who request specialty license plates and who choose to use the vendor to issue them. In doing so, the vendor must issue validation stickers and collect the ordinary taxes and fees associated with motor vehicle registration. Additionally, the contractor must collect additional fees that must be deposited into the Drug Law Enforcement Fund, which is used to assist local governmental entities in enforcement of criminal laws regarding illegal drugs.<sup>2</sup>

### **Registrar authority**

The Registrar has final authority regarding the design and content of any specialty license plate and may disapprove of any proposed specialty license plate that does not meet the standards of the Bureau of Motor Vehicles (BMV). Additionally, the Registrar may consult with the Superintendent of the State Highway Patrol regarding the readability, reflectivity, and public safety of a specialty license plate. The Registrar may not restrict the background color, color combinations, or color alphanumeric license plate numbers of a specialty license plate proposed by the private vendor, except for purposes of public safety.<sup>3</sup>

### **Contract Terms**

The contract between the Registrar and private vendor is limited to two years, but may be extended afterwards for additional two-year terms upon agreement of the parties. The contract must include the following:

- A requirement that the private vendor use electronic infrastructure that is compatible with infrastructure used by the BMV to verify the owner or lessee's identifying information when submitting a registration application and required payments;
- Provisions concerning the security of the information exchanged through the electronic infrastructure use by the Registrar, the private vendor, and any other third parties;
- Provisions allowing a motor vehicle owner or lessee to select the combination of letters and numbers appearing on a license plate, subject to the approval of the Registrar;
- Provisions allowing an owner or lessee purchasing a specialty license plate created by the private vendor to select various design features of the license plate;

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<sup>1</sup> R.C. 4503.261(A).

<sup>2</sup> R.C. 4503.261(A), (B)(7), and (D), and R.C. 5502.68 .

<sup>3</sup> R.C. 4503.261(C).

- Provisions allowing the private vendor to contract with any person for the marketing and sale of a specialty license plate that is not offered by the Registrar (a person or entity that has sponsored a specialty license plate offered by the Registrar may create a new specialty license plate through the private vendor);
- Provisions specifying that the private vendor complies with all applicable copyright and trademark laws;
- Authorization for the private vendor to collect fees that are in addition to any applicable motor vehicle registration taxes and fees; and
- Provisions requiring the private vendor to comply with all applicable requirements of the Revised Code and the Ohio Administrative Code.<sup>4</sup>

### **Third party online registration exemption**

The bill provides that the private vendor is exempt from a prohibition that prevents third parties from conducting the online registration of motor vehicles. Under current law, a person is prohibited from charging any fee for the submission of an application for a motor vehicle registration or registration renewal by electronic means unless a person complies with all of the following:

- The person prominently displays on the person’s website that the service is not provided by a government agency;
- The person requires customers to confirm they understand that the person’s services are not offered by a governmental entity; and
- The person’s website states that the person may opt to submit the application directly to the Registrar, and the Registrar’s link for submission is provided on the person’s website.

Failure to comply with all of the above requirements results in a maximum fine of \$1,000.<sup>5</sup>

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## **HISTORY**

Action	Date
Introduced	05-30-23

ANHB0194IN-135/ar

<sup>4</sup> R.C. 4503.261(B).

<sup>5</sup> R.C. 4503.261(A)(2); R.C. 4503.106, not in the bill.