

Ohio Senate Agriculture and Natural Resources Committee
HB 33 (Edwards) Operating Budget
Ohio Deputy Registrars Association
Wednesday, May 10, 2023

Good morning Chairman Schaffer, Vice Chair Landis, and members of the Committee. Thank you, for the opportunity, to testify on behalf of the Ohio Deputy Registrars' Association (ODRA), as an interested party on House Bill 33 (Edwards) Operating budget. I am Aldo M. Filippelli and am the President of the Association and currently the Deputy Registrar of the North Royalton agency. I have been providing Deputy Registrar services on behalf of the state of Ohio since 1997. Today we respectfully request support for the deputy fee increase included in the House passed version of the budget.

As you may be aware deputy registrars (DRs) are independent small business owners who contract with the State of Ohio, through a response for proposal (RFP) to provide motor vehicle related transaction services. The system is a great example of private-public partnership saving tax payers over \$140 million dollars annually, a cost-effective approach to government services, while providing excellent customer service. The Deputy Registrar system employs, approximately 1,500 technically trained local employees, who are entrusted with the most sensitive identification documents, security of the information, issuance of driver's licenses, identification cards, and vehicle registrations.

In addition deputy registrar license agencies, provide the following services on behalf, of the state: responsible for collecting license taxes of which approx. \$600 million is distributed back to nearly 2,300 taxing districts, and 88 counties; we also verify financial responsibility; voter registration; next of kin and organ donor options; and raise funds for the Save our Sight and Second Chance Trust funds.

According to statistics provided by the Ohio Bureau of Motor Vehicles (BMV) for 2022, deputy registrars collected revenue of approximately \$700 million, and processed approximately 18 million transactions on behalf of the State. For every \$1 invested by the state of Ohio into the deputy registrar system the return to the state receives \$38.00.

Deputy Registrar Fee

Revenues for deputy registrars are derived through statute, and paid at the point of sales for motor, vehicle, services. Since the fee is set in statute deputy registrars do not have the flexibility as other independent contractors to offset our costs by increasing the price of their goods or

services. The deputy registrar fee is currently at \$5.00, which went into effect in October of 2019 (after 15 years without an increase) then the pandemic hit and our offices were closed by the state. When we reopened, we had to manage through some enormous challenges similar to all business owners, moreover, the state took over more on-line transactions during that time as well. The historic increase in inflation over the past couple of years has increased rent, energy costs, gas prices, and labor costs for our businesses no differently than business owners in other sectors. Competition for employees is fierce, and trying to retain experienced employees is harder than ever. Our agencies are experiencing turnover, and year over year revenue loss after a very challenging 2020. We have had agencies close, and deputy registrars retire or choose not to bid on an agency.

By way of comparison, Minnesota has a similar model to Ohio, and their deputy fee is \$11.00 for long transactions such as a driver's license and \$7.00 for quick transactions such as sticker renewals.

Today we respectfully request the Committee support the \$1.00 increase to the deputy registrar fee to bring the fee in line with the current cost of doing business in 2023. This will help, address the issues I outlined here today and ensure that Ohio's deputy registrar system is viable. It will allow agencies to maintain office space within their communities and invest in qualified employees as well as other benefits to agency operations while saving taxpayers and the state of Ohio tens of millions dollars annually.

Once again, thank you for your time and consideration of this request. I am available to answer any questions of the Committee.