



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 678
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 678's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Abrams and Daniels

Local Impact Statement Procedure Required: No

Maggie West, Senior Budget Analyst

Highlights

Online financial responsibility verification system

- The Department of Public Safety (DPS) expects to incur contracting costs of between \$2.5 million and \$3.5 million for the first full year of implementation of the bill's online financial responsibility verification system. Costs incurred for subsequent years are expected to be between \$1.5 million and \$2.5 million, depending on the terms of the vendor's contract. Internal costs may reach up to \$500,000 in the first year followed by an indeterminate amount in following years to oversee the program.
- The costs of implementing the online financial responsibility verification system could be offset by at least \$6,000 from contributions received for the first 150 "Blackout" license plates issued (the minimum threshold required under current law). If minimum registration requirements are not met, then no revenue would be credited to the program. Contributions received in subsequent years will vary and depend on the number of such plates that are issued or renewed.

"Blackout" license plate

- The Bureau of Motor Vehicles (BMV) will incur costs of at least \$6.35 to produce each "Blackout" license plate issued under the bill. That cost will be offset by the collection of the \$10 BMV administrative fee that is charged under existing law when a specialty license plate is issued or renewed. The license plate is subject to the minimum registration requirements of 150 applicants.
- The Public Safety – Highway Purposes Fund (Fund 5TM0) will receive \$50 for each "Blackout" license plate that is issued or renewed, presuming the minimum initial threshold for registration is met. Of that amount, \$40 will be used to offset the costs of the online financial responsibility verification system as noted above in the second bullet point.

Detailed Analysis

The bill (1) implements an online financial responsibility verification system, (2) modifies the financial responsibility law, and (3) creates the “Blackout” license plate.

Online financial responsibility verification system

Bureau of Motor Vehicles costs

Online financial responsibility verification system

The bill requires the Registrar of Motor Vehicles, housed within the Department of Public Safety (DPS), to implement an online financial responsibility verification system that is capable of electronically verifying proof of financial responsibility (i.e., motor vehicle insurance) for motor vehicles registered in Ohio. The Registrar is required to adopt rules for the program, for which there would be minimal, one-time costs. The bill allows the Registrar to base the system, in whole or in part, on the model established by the Insurance Industry Committee on Motor Vehicle Administration (IICMVA).

According to DPS, the Bureau of Motor Vehicles’ (BMV) Driver Services section conducted research on the insurance verification process implemented in other states. One such state, South Carolina, aligns with IICMVA standards and employs a similar program with vendor costs averaging about \$67,000 per month, or approximately \$804,000 per year (\$67,000 x 12). For comparison, South Carolina has half the number of registered vehicles than Ohio.

If Ohio’s program is modeled after South Carolina, the BMV estimates the first year of implementation would likely cost between \$2.5 million and \$3.5 million, with subsequent years costing between \$1.5 million and \$2.5 million, depending on the terms of the contract. It should be noted that these costs could vary due to Ohio’s procurement process. Internally, as part of the first-year expenses, the BMV anticipates internal information technology costs of around \$500,000. Ongoing annual costs for the BMV may include mailing costs, if the vendor does not provide that service.¹ There will also be ongoing costs related to administrative hearings held in response to license suspensions for failure to provide proof of financial responsibility, which result as part of the program.

Under the bill, the costs of implementing the online financial responsibility verification system could be offset by at least \$6,000 from contributions received for the first 150 “Blackout” license plates issued (the minimum threshold required under current law). If minimum registration requirements are not met, then no revenue would be credited to the program. Contributions received in subsequent years will vary and depend on the number of such plates that are issued or renewed. See the “**Blackout’ license plates**” section below for additional information.

Pilot program

The bill delays full implementation of the online financial responsibility verification system for 18 months after the bill’s effective date. For the first nine months of that period, presumably the Registrar will develop the system’s requirements and undergo the bidding

¹ According to the BMV, it costs an average of \$1 per mailing to send one letter or postcard via the Department of Administrative Services’ printing and mailing services.

process. The program will not be operational during this initial nine-month period. During the second nine months, the system is to operate as a pilot program, and individuals cannot be penalized for failure to provide proof of insurance based solely on data provided by the system. The pilot will conclude after this second nine-month period and all penalties will then be in effect.

The bill also requires the Registrar to submit a report containing specified information regarding the system to the General Assembly within two years after the bill's effective date. Any additional workload or related costs experienced by the BMV to produce the report are expected to be minimal and absorbed utilizing existing staff and resources.

Law enforcement utilization of the online financial responsibility verification system

The bill requires a peace officer to make an inquiry via the online financial responsibility verification system at the time of enforcement. Under current law, peace officers are required to request the owner or operator of a motor vehicle to produce proof of financial responsibility at the time of a traffic stop. The bill will change the way in which this step is accomplished. Based on feedback received from statewide agencies representing local law enforcement, fulfillment of the bill's online financial responsibility requirement may vary depending on the agency's technological capabilities. While many agencies will be able to obtain proof of insurance verification utilizing existing methods (i.e., via communication center, by radio, or through mobile data terminals (computers) in the officer's cruiser), it is possible that certain agencies may choose to equip cruisers with internet capabilities in order to access the online financial responsibility certification system. The extent to which modifications may be necessary, as well as the potential related costs, are indeterminate and will vary based on each agency's existing equipment and capabilities and the manner in which the BMV implements the online program. For at least some agencies though, it is possible that no additional resources would be required.

“Blackout” license plate

The bill creates the “Blackout” license plate, which is available to all Ohio motorists, and requires a person to pay an additional \$50 when the plate is issued and renewed. The entire amount is credited to the existing Public Safety – Highway Purposes Fund (Fund 5TM0) for specified purposes as follows: \$10 to compensate the BMV for administrative costs associated with producing the license plate and \$40 to offset the costs of the online financial responsibility verification system.

Specialty license plates are produced by the BMV via a digital print-on-demand process at a cost of \$6.35 for a single license plate, or \$7.70 for a pair.² These costs will be offset by the collection of the \$10 BMV administrative fee which is paid at the initial issuance of the license plate and for each subsequent renewal and credited to Fund 5TM0, which is used in part to pay the BMV's expenses related to titling motor vehicles, licensing drivers, and registering motor vehicles.

The “Blackout” license plate is subject to existing law's implementation procedure, meaning that the Registrar of Motor Vehicles does not have to issue the license plate until written

² Under current law, a person registering a motor vehicle may elect to purchase a single license plate or a set of two plates.

statements from at least 150 people indicating their intent to apply for and obtain the license plate have been received.³

Assuming the minimum number of applicants meets the threshold of 150 requests for the new “Blackout” license plate, the BMV will incur production costs of at least \$952.50 (150 persons x \$6.35), which will be offset by the collection of at least \$1,500 (150 persons x \$10) in BMV fees. The amount generated to offset the costs of the online financial responsibility verification system will total at least \$6,000 (150 persons x \$40). In subsequent years, those amounts will vary and depend on the number of such plates that are issued or renewed. If more than 150 license plates are registered, revenues and expenditures will increase accordingly.

Penalties for failure to have insurance

The bill restores the suspension of a person’s motor vehicle registration rights and impoundment of the certificate of registration and license plates as a penalty for failing to provide proof of insurance. That penalty was eliminated by H.B. 29 of the 135th General Assembly, which took effect on April 9, 2025. Thus, any impact on the BMV to restore this penalty and resume previous practices is expected to be minimal and absorbed utilizing existing resources.

³ R.C. 4503.78.