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OHIO LEGISLATIVE SERVICE COMMISSION

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Legislative Budget
Office

H.B. 717
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. Dean

Local Impact Statement Procedure Required: No

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Highlights

- The Motor Vehicle Dealer Licensing Board could lose a total of more than \$750,000 in licensing revenue for each two-year license cycle; around \$300,000 would be realized by the Public Safety – Highway Purposes Fund (Fund 5TM0) and \$450,000 would be realized by the Title Defect Recission Fund (Fund 4Y70).
- The Registrar of Motor Vehicles could experience a revenue of loss of at least \$75,000 as a result of no longer collecting the motor vehicle dealer tax from around 3,000 current motor vehicle dealers.
- The bill has no direct fiscal effect on political subdivisions of the state.

Detailed Analysis

The bill modifies the law governing motor vehicle dealer licensing by increasing, the number of vehicles, from five to 15, that a person may sell without needing to obtain motor vehicle dealer licensure provided the vehicles are over 12 years old.

Motor vehicle dealers are licensed and regulated by the Motor Vehicle Dealer Licensing Board, a division of the Bureau of Motor Vehicles (BMV) that is housed within the Department of Public Safety. If enacted, the bill could result in a loss of more than \$750,000 in motor vehicle dealer license fee revenue for the Board per two-year license cycle. In addition, the Registrar of Motor Vehicles would forgo an estimated \$75,000 in motor vehicle dealer license tax revenue annually. The fees and tax are broken down and discussed in more detail below.

Motor Vehicle Dealer Licensing Board

The Motor Vehicle Dealer Licensing Board will incur additional administrative costs to update its policies, practices, and procedures, as well as update information technology systems. The Board will also realize a reduction in collected revenue for the state.

The cost to obtain a license from the Motor Vehicle Dealer Licensing Board varies by the type of license sought. For purposes of this fiscal note, LBO assumes that a dealer meeting the bill's qualifications would be currently licensed as a Used Motor Vehicle, Motorcycle, or All-Purpose Vehicle (APV) Dealer. The fees associated with obtaining such a license total at least \$250.25, which consists of fees for the motor vehicle dealer license, dealer license plates, and the Title Defect Recission Fund.

The BMV has identified that around 3,000 dealers annually have met the bill's sale and vehicle age criteria and presumably would not maintain licensure under the bill. As a result, the BMV would experience a decrease in revenue from no longer collecting fees associated with those motor vehicle dealers. In FY 2025, the Motor Vehicle Dealer Licensing Board reported a total of 7,187 active Motor Vehicle Dealer licenses, thus assuming the number of licenses held relatively steady, the bill could impact around 42% of the Board's licenses.¹

Motor vehicle dealer licenses are valid for a two-year period, meaning the Board could experience a potential revenue loss of around \$750,750 (3,000 x \$250.25) per license cycle. The breakdown of the sources for those fees and their distribution is detailed below.

Used Motor Vehicle Dealer License Fee Breakdown

Category	Year 2
Used Motor Vehicle Dealer License	\$50.00
Master Dealer License Plate (required)*	\$50.25
Title Defect Recission Fund (Fund 4Y70)	\$150.00
Total	\$250.25

*Additional dealer license plates may be obtained for \$10.25 each per renewal cycle based on sales volume.

Revenue loss from fees

Used Motor Vehicle Dealer License

The fee to obtain a used motor vehicle dealer's license is \$50, which is collected for every two-year license cycle. Motor vehicle dealer licensing fees are credited to the Public Safety – Highway Purposes Fund (Fund 5TM0), which is statutorily required to be used to administer and enforce motor vehicle and traffic laws. Assuming 3,000 motor vehicle dealers no longer maintain

¹ See the [LSC Board Report for FY 2025 \(PDF\)](#), which is available at lsc.ohio.gov.

licensure as a result of the bill, the BMV could lose around \$150,000 (3,000 x \$50) in license fee revenue for each two-year license cycle.

Dealer license plates

A motor vehicle dealer is required to purchase at least one dealer license plate at a cost of \$50.25. The license plate may be used by the licensed dealer (including the dealer's agents and employees), on any motor vehicle titled for resale in the dealership's name or lawfully in the possession of the dealer. Dealer plates may also be displayed on a motor vehicle in transit from the dealer to the purchaser, when the vehicle is being demonstrated for sale or lease, or otherwise utilized by the dealer, prospective purchaser, or a third party operating the vehicle with the dealer's permission.

Assuming 3,000 dealers would no longer register, Fund 5TM0 would lose at least \$150,750 (3,000 x \$50.25) every renewal cycle. However, it should be noted that a used motor vehicle dealer can choose to obtain up to two additional dealer plates based on sales volume for an additional fee of \$10.25 each. For example, a used motor vehicle dealer with annual sales of one to ten vehicles is allowed two dealer license plates (the mandatory dealer plate plus one additional plate) and a dealer with annual sales of 11 to 15 vehicles is allowed three dealer license plates (the mandatory dealer place plus two additional plates). Assuming all 3,000 dealers were able to obtain two additional dealer plates (for a total of three – the maximum number of dealer license plates allowed for a dealer selling 15 cars), Fund 5TM0 could lose up to an additional \$61,500 (3,000 x \$20.50), for a maximum possible revenue loss of \$212,250 (\$150,750 + \$61,500) from the sale of dealer plates each renewal cycle.

Title Defect Recission Fund

All motor vehicle dealers are required to pay a \$150 fee that is collected by the Board and credited to the Title Defect Recission Fund (Fund 4Y70), which is administered by the Attorney General's Office and is used to provide refunds to retail purchasers of motor vehicles who suffer damages from motor vehicle dealers who fail to provide a valid certificate of title in the purchaser's name within the statutorily required time period. Assuming 3,000 dealers would no longer register, Fund 4Y70 could lose \$450,000 (3,000 x \$150) in revenue per two-year license cycle. This amount could be offset to some degree if certain complaints are no longer eligible for resolution using the Title Defect Recission Fund, such as in cases where the vehicle seller was, but is no longer licensed as a motor vehicle dealer and instead conducts the transaction as a business or individual. The Consumer Protection Section of the Attorney General's Office may still assist in cases involving a business, however, if the transaction occurs between individuals, the complaint will need to be resolved civilly. The extent to which this may occur is unknown.

Motor vehicle dealer tax

The Registrar of Motor Vehicles collects an annual tax of at least \$25 on motor vehicle dealers, including used motor vehicle dealers, for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of motor vehicles. It is credited to Fund 5TM0. Current law requires each motor vehicle dealer to pay a \$25 annual tax to the Registrar of Motor Vehicles for each taxing district in which its place or places of business are located. Given the limited sales volume of the motor vehicle dealers impacted by the bill, LBO assumes it is likely that they are only operating in one or very few taxing districts. That said, if 3,000 dealers operate in only one taxing district, the bill would result in a loss of \$75,000

(3,000 x \$25) for Fund 5TM0, however, that amount would increase by \$25 for each additional taxing district that a dealer operates in.