



Ohio Deputy Registrars' Association

**Ohio House Finance Committee
HB 74 (Oelslager) Transportation Budget
WRITTEN IP Testimony
February 25, 2021**

Chairman Oelslager and members of the House Finance Committee, please accept this written testimony on HB 74 on behalf of the Ohio Deputy Registrars' Association (ODRA). Ohio currently has approximately 180 deputy registrar agencies throughout the state, the majority of which are operated by independent contractors who bid on the right to operate these agencies through the BMV. These bids, and the costs associated with running the agencies, are based on historical transaction data provided by the BMV. Deputy registrars provide BMV services on behalf of the state, including driver's licenses, federal compliant Real IDs, vehicle registrations and renewals, and state identifications. Deputy registrars are proud of the service they provide to Ohioans, and are especially proud of the number of transactions our agencies were able to service once we were permitted to reopen by the state. We are also thankful that the state provided access to CARES Act funding necessary to offset increased costs incurred to protect our employees and the public as locations slowly began to reopen.

As you have heard from many small businesses in your communities, the pandemic had and continues to have a tremendous impact on deputy registrar locations. The prolonged closure of many of our locations, combined with operational changes made by the BMV, has greatly reduced the the number of transaction occurring at deputy registrar locations. This drastic decrease in transactions has fundamentally changed a business model that is based on historical expectations without the ability to offer alternative solutions or compete with the state's on-line process.

At this time, our agencies are experiencing an average 20% decrease in transactions in the first two months of 2021 compared to January and February of 2020. While the prolonged closure of our agencies and resulting lost revenue will never be recouped, it is the push by the state to encourage the public to use the state on-line system that has had the most devastating, and consequential impact. In particular, the BMV made changes to allow temporary license plate tags to be printed on demand, which is a small number of transactions, but decreased these transactions by 80-90% for agencies. With the extension of the expiration dates for licenses and renewals, we are hopeful that some of that loss will return to the agencies in July. However, it is this shift in where traditional registrar services take place that causes an even greater concern and leads us to request support from the Committee to help navigate this time and not upend a system that saves taxpayers money and is needed for those transactions that can't be done on-line, as

well as for those Ohioans that do not have the access to technology or are not as comfortable using technology.

As you are aware, the state has operated the on-line registration renewal program Oplates, and a mail-in program for over a decade. The result of these programs has been to divert approximately 25% of the historical transactions from the deputy registrar system until 2020. In an effort to reduce in-person transactions as a result of the pandemic, the state has been aggressively promoting on-line services, diverting transactions away from deputy registrar agencies. The pandemic has created the perfect storm to accelerate on-line solutions, but there has not been a strategic plan on how to ensure the viability of the current system, and recognition that these small business owners have invested in their agencies based on historical transactions that the state is now actively diverting.

The state BMV can send electronic notification to customers to remind them to renew their driver's license or registration, and provide a link to the state's on-line service. However, they do not provide a link to the deputy registrar's location. Deputy registrars bid on their agencies based on historical transaction data provided by the BMV, so when the BMV makes a wholesale change to move customers from in-person to on-line without providing the deputy registrars the ability to compete or participate in the on-line process, a deputy registrar does not have any options to grow their market share. In addition, they are required to keep and maintain certain hours of operation and number of employees even if their volume can no longer support the requirements. Unlike other small businesses, deputy registrars do not have the ability to adjust to market changes. In other words, the BMV establishes the market under which deputy registrars bid while maintaining the right to unilaterally change that market at any time.

ODRA has sought to work with the BMV to find solutions to this problem, such as presenting a customer service APP to the BMV in January of 2020. The goal of this proposal is to find a technology solution at no cost to the state that would provide deputy registrars the ability to offer customer convenience through technology. Unfortunately, due to the pandemic, the project was put on hold. We are working towards a solution to be able operationalize it without the reliance of the state BMV's IT support.

During the past lame duck session, the state BMV put forward an amendment that would permit the state to provide all in-person transactions provide by deputy registrars, for the BMV to offer them on-line. ODRA requested changes to the amendment that would recognize deputy registrars to participate in on-line transactions. We appreciate the support we received in that request by the House and the Senate. Unfortunately, without the state identifying a mechanism for payment or way to allow deputy registrars to participate in an on-line system, this language is currently limited. Moreover, we are concerned the current proposal in HB 74 authorizing on-line renewal of driver's licenses without any recognition in statute of how the deputy registrars will be compensated or participate in the process will lead to the same issues. We appreciate the Registrar recognizing the deputy registrar system saves \$60 million per year to the taxpayers of Ohio, and that he wants to work to keep the system viable as we transition to a new delivery model, but business owners need more certainty.

ODRA is respectfully requesting the following solutions: 1) the BMV to provide a fee share for the on-line transactions to be directed to the appropriate deputy registrar by geographic territories as determined through the bidding process, and allows the Registrar to determine the formula of how many transactions are retained by the state to ensure there is no fiscal impact to the BMV; 2) the BMV to include the local deputy registrar location in any electronic communication to a customer where an on-line option is presented; 3) Regulatory relief, such as permit the deputy registrars to adjust their office hours, days of operation, or number of employees on duty when the agency is not busy; 4) Create a level playing field between regulatory requirements between an in-person transaction and an on-line transaction to minimize the over burdensome regulations on small businesses.

While we recognize the state currently receives the deputy registrar fee for on-line and mail-in transactions for its budgetary purposes, a fee share arrangement should be based on pre-pandemic revenues (2019 base year) to ensure the state budget is not negatively impacted.

Thank you for your willingness to consider this request.