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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 389
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. J. Miller and D. Thomas

Local Impact Statement Procedure Required: Yes

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Highlights

- Eliminating the \$100 additional fee for traditional (nonplug-in) hybrids would reduce vehicle registration fee collections. Assuming the fee was eliminated beginning January 1, 2026, the estimated revenue loss could be roughly about \$13.8 million in FY 2026 and \$30.0 million in FY 2027.
- Of the total revenue loss, about 55% would be borne by the state Highway Operating Fund (Fund 7002) and the remaining 45% by local governments (i.e., counties, municipalities, and townships).

Detailed Analysis

The bill removes the definition of “hybrid motor vehicle” for purposes of an additional motor vehicle registration fee when registering with the Ohio Bureau of Motor Vehicles (BMV) and eliminates the current \$100 fee for traditional (nonplug-in) hybrids.

Under existing law, there are three categories of additional registration fees for alternative vehicles: (1) \$150 for a plug-in hybrid electric motor vehicle, defined as a passenger car powered in part by a battery cell energy system that can be recharged via an external source of electricity, (2) \$200 for a battery electric motor vehicle, defined as a passenger car powered wholly by a battery cell energy system that can be recharged via an external source of electricity, and (3) \$100 for a hybrid motor vehicle. A hybrid motor vehicle is a passenger car powered by an internal propulsion system consisting of both a combustion engine and a battery cell energy system that cannot be recharged via an external source of electricity but can be recharged by other vehicle mechanisms that capture and store electric energy.

Fiscal effect

The departments of Transportation and Taxation together received a total of \$45.0 million in additional vehicle registration fees in FY 2025, according to the Ohio Administrative Knowledge System (OAKS). Of this total, approximately \$4.9 million was related to plug-in electric motor vehicles, approximately \$15.4 million was related to battery electric motor vehicles, and approximately \$24.6 million was related to hybrid motor vehicles. In FY 2025, the additional vehicle registration fee for plug-in electric motor vehicles and battery electric motor vehicles was \$150 and \$200, respectively, while the additional vehicle registration fee for hybrids was \$100. Using the fee collections and dividing by the applicable fees, the estimated number of plug-in electric and battery electric motor vehicles that were registered with the BMV in FY 2025 was about 32,800 and 77,100, respectively, and the estimated number of hybrid vehicles was 246,300.¹

To estimate revenue losses in FY 2026 and FY 2027, projections of the future number of hybrid vehicles in applicable years, derived from projected vehicle stock by technology type from the [Annual Energy Outlook 2025](#), published by the U.S. Energy Information Administration (EIA), were made based on the growth of additional vehicle registration fees from FY 2025. Then, the projected number was multiplied by the proposed fee elimination under the bill. Assuming the fee was eliminated beginning January 1, 2026, the estimated revenue loss from the fee elimination could be roughly about \$13.8 million in FY 2026 and roughly about \$30.0 million in FY 2027. The actual revenue loss may be lower or higher than the estimated amounts due to limited details on data related to alternative vehicles in the state, and uncertainties related to the number of such types of vehicles that would be registered in the state.

The registration fee revenue is used by state agencies and political subdivisions for maintaining and planning the state's public road system, funding improvements, and paying debt on general obligation bonds issued for roadway projects. Of the reduction in revenue, 55% will be borne by the Highway Operating Fund (Fund 7002), utilized by the Ohio Department of Transportation. The remaining 45% of the reduction in revenue will be borne by the Gasoline Excise Tax Fund (Fund 7060); these moneys are distributed formulaically to political subdivisions.²

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¹ Vehicles in Ohio can be registered for a period of one to five years. These estimates assume that all registrations in FY 2025 were for a one-year period, thus not considering multi-year registrations.

² R.C. 5735.051(E), 5735.05, and 5735.27. Of the remaining 45% of revenue, 42.86% is distributed to municipalities, 37.14% to counties, and 20% to townships.