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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 194\*  
135<sup>th</sup> General Assembly

## Bill Analysis

[Click here for H.B. 194's Fiscal Note](#)

**Version:** As Reported by House Homeland Security

**Primary Sponsor:** Rep. K. Miller

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### SUMMARY

- Authorizes the Registrar of Motor Vehicles to enter into a contract, via a competitive selection process, with a vendor to operate a special license plate program that will operate alongside the current statutory process for establishing and issuing specialty license plates.
- Requires the vendor, under the contract, to design and market specialty license plates required to be issued under current law and new specialty license plates established under the program.
- Stipulates that the contract between the private vendor and the Registrar must contain certain provisions, including:
  - A requirement that the private vendor use electronic infrastructure that is compatible with infrastructure used by the Bureau of Motor Vehicles (BMV);
  - Terms governing the security of the information exchanged between the Registrar, the private vendor, and any other third parties;
  - Terms allowing a motor vehicle owner or lessee to select the combination of letters and numbers appearing on a license plate and various design features for a specialty license plate;
  - Provisions allowing the vendor to enter into an agreement to create new license plates not currently offered by the BMV; and

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\* This analysis was prepared before the report of the House Homeland Security Committee appeared in the House Journal. Note that the legislative history may be incomplete.

- An allowance for the Registrar (or any deputy registrar) to collect the following fees and contribution that are in addition to any applicable motor vehicle registration taxes and fees:
  - ❖ A fee deposited in the Public Safety – Highway Purposes Fund to compensate the Registrar for costs associated with program administration and license plate design and production;
  - ❖ A fee deposited in the Public Safety Specialty License Plate Contract Fund (created by the bill) to compensate the private vendor for the performance of its duties under the contract; and
  - ❖ A contribution deposited in the Drug Law Enforcement Fund, which is used to make grants to local governments to defray expenses related to local drug task forces.
- Limits the contract between the Registrar and the private vendor to two years, but allows the contract to be extended for additional two-year periods.
- Exempts the private vendor from an existing general prohibition against charging a fee for online motor vehicle registrations unless specified conditions exist.
- Requires the Registrar to submit each specialty license plate created under the program to the Joint Committee on Agency Rule Review (JCARR) for approval, and requires JCARR to approve or disapprove of any proposed specialty license plate.
- Prohibits the Registrar from restricting the background color, color combinations, or color alphanumeric license plate numbers of a specialty license plate proposed by the private vendor except for purposes of public safety.

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## DETAILED ANALYSIS

### Private vendor specialty license plate program

Under current law, the Registrar of Motor Vehicles must issue a variety of specialty license plates, which may be used in lieu of the standard license plate issued to the majority of Ohio motorists. Each specialty license plate is authorized by statute and honors the military and military awards or highlights various organizations, schools, and sports teams. Examples of specialty license plates include:

The Distinguished Flying Cross license plate



The Ohio State University license plate (one of three types)



Ohio State Beekeepers license plate



The bill establishes a program whereby the Registrar must enter into a contract with a private vendor to design and market specialty license plates. The private vendor is selected by the Registrar through a competitive bidding process. The specialty license plate program established by the bill operates alongside the current statutory process for establishing and issuing specialty license plates. As a result, a person may choose to obtain a specialty license plate established and designed pursuant to statute or through the contractor-operated specialty license plate program.<sup>1</sup>

### **Authority under the contract**

Under the contract, beginning nine months after the bill's effective date, the private vendor must design and market specialty license plates, including those required by law to be issued by the Registrar. The Registrar remains responsible for the issuance of each specialty license plate and a validation sticker and for the collection of existing taxes and fees related to the specialty license plate. Additionally, the Registrar (or a deputy registrar) must collect the following:

1. A fee deposited in the Public Safety – Highway Purposes Fund to compensate the Registrar for costs associated with program administration and license plate design and production;
2. A fee deposited in the Public Safety Specialty License Plate Contract Fund (created by the bill) to compensate the private vendor for the performance of its duties under the contract; and
3. A contribution deposited in the Drug Law Enforcement Fund, which is used to make grants to local governments to defray expenses related to local drug task forces.

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<sup>1</sup> R.C. 4503.261(A).

The Registrar and any deputy registrar issuing a registration or registration renewal under the program also may collect the existing service fee of \$5.<sup>2</sup>

### **Contract terms**

The contract between the Registrar and private vendor is limited to two years, but may be extended afterwards for additional two-year terms upon agreement of the parties. The contract must include the following:

- A requirement that the private vendor use electronic infrastructure that is compatible with infrastructure used by the Bureau of Motor Vehicles (BMV);
- Provisions concerning the security of the information exchanged through the electronic infrastructure use by the Registrar, the private vendor, and any other third parties;
- Provisions allowing a motor vehicle owner or lessee to select the combination of letters and numbers appearing on a license plate, subject to the approval of the Registrar;
- Provisions allowing an owner or lessee purchasing a specialty license plate created by the private vendor to select various design features of the license plate;
- Provisions allowing the private vendor to contract with any person for the marketing and sale of a specialty license plate that is not offered by the BMV (a person or entity that has sponsored a specialty license plate offered by the BMV may create a new specialty license plate through the private vendor);
- Provisions specifying that the private vendor complies with all applicable copyright and trademark laws;
- A requirement that the Registrar collect the fees and contribution specified above that are in addition to any applicable motor vehicle registration taxes and fees; and
- Provisions requiring the private vendor to comply with all applicable requirements of the Revised Code and the Ohio Administrative Code.<sup>3</sup>

### **JCARR approval of designs**

Under the bill the Registrar must submit each specialty license plate design created under the specialty license plate program to the Joint Committee on Agency Rule Review (JCARR). JCARR has final authority regarding the design and content of any specialty license plate and must approve or disapprove of any proposed specialty license plate. Furthermore, the Registrar may consult with the Superintendent of the State Highway Patrol regarding the readability, reflectivity, and public safety of a specialty license plate. The Registrar may not restrict the

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<sup>2</sup> R.C. 4503.038, 4503.19, 4503.261(A), (B)(7), and (D), 4503.262, and 5502.68.

<sup>3</sup> R.C. 4503.261(B).

background color, color combinations, or color alphanumeric license plate numbers of a specialty license plate proposed by the private vendor, except for purposes of public safety.<sup>4</sup>

### **Third party online registration exemption**

The bill provides that the private vendor is exempt from a prohibition that prevents third parties from conducting the online registration of motor vehicles. Under current law, a person is prohibited from charging any fee for the submission of an application for a motor vehicle registration or registration renewal by electronic means unless a person complies with all of the following:

- The person prominently displays on the person’s website that the service is not provided by a government agency;
- The person requires customers to confirm they understand that the person’s services are not offered by a governmental entity; and
- The person’s website states that the person may opt to submit the application directly to the Registrar, and the Registrar’s link for submission is provided on the person’s website.

Failure to comply with all of the above requirements results in a maximum fine of \$1,000.<sup>5</sup>

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## **HISTORY**

Action	Date
Introduced	05-30-23
Reported, H. Homeland Security	---

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<sup>4</sup> R.C. 4503.261(C).

<sup>5</sup> R.C. 4503.261(A)(3); R.C. 4503.106, not in the bill. Since the vendor no longer has authority to facilitate the registration of motor vehicles and the collection of fees associated with registration as was required in the As Introduced version of the bill, it is unclear if this exemption has any practical effect.