



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 346
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 346's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Miller, and Weinstein

Local Impact Statement Procedure Required: Yes

Eric Makela, Economist

Highlights

Fund	FY 2023	FY 2024	Future Years
Highway Operating Fund (Fund 7002)			
Revenues	Loss of about \$4.0 million	Loss of \$9.4 million	Increasing losses
Gasoline Excise Tax Fund (for distribution to counties, municipalities, and townships)			
Revenue – Counties	Loss of about \$1.2 million	Loss of \$2.9 million	Increasing losses
Revenue – Municipalities	Loss of about \$1.4 million	Loss of \$3.3 million	Increasing losses
Revenue – Townships	Loss of about \$0.6 million	Loss of \$1.5 million	Increasing losses

Note: All revenue streams discussed in this fiscal note must be utilized to construct or maintain public roadways or for the support of agencies which administer public roadway maintenance. Revenue losses to political subdivisions reflect transfers from the state during each fiscal year, rather than revenue losses during the fiscal term of those political subdivisions.

- The bill reduces the supplemental registration fees on “plug-in electric motor vehicles” from \$200 to \$100. The bill also reduces the supplemental registration fees on “hybrid motor vehicles” from \$100 to \$50.
- The bill reclassifies “plug-in hybrid electric motor vehicles” as “hybrid motor vehicles” for purposes of registering with the Ohio Bureau of Motor Vehicles (BMV).

- Revenue losses from the bill will decrease transfers to the Highway Operating Fund (55%), as well as to counties (16.7%), municipalities (19.3%), and townships (9.0%) around the state, whose funding is largely determined via a codified formula.

Detailed Analysis

The bill contains multiple provisions which reduce state revenue from registration fees on alternative fuel vehicle registrations. First, the supplemental registration fees imposed under current law on owners of alternative fuel vehicles are reduced by 50% under the bill. Registrants of “plug-in electric motor vehicles” will pay \$100 in annual supplemental registration fees (the fee is currently \$200), while registrants of “hybrid motor vehicles” will pay \$50 in annual registration fees (the fee is currently \$100). Second, the bill reclassifies vehicles which can charge their batteries via both internal and external sources; rather than being classified as “plug-in electric motor vehicles,” these passenger cars are to be classified as “hybrid motor vehicles” under H.B. 346.

Fiscal impact

In calendar year (CY) 2021, just over 13.2 million vehicle registrations were processed by the Ohio Bureau of Motor Vehicles (BMV). Of this total, approximately 35,100 were “plug-in electric motor vehicles”¹ and approximately 134,400 were “hybrid motor vehicles.”² The BMV data track vehicle registrations according to the classifications in current law, so they do not have a count of the number of vehicles being reclassified as “hybrid motor vehicles” under the bill.

The bill reduces registration fee revenue, which 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. LBO estimates the bill to reduce total registration fee remittances by \$7.2 million in FY 2023 and by \$17.1 million in FY 2024, assuming the new proposed fees apply on or before January 1, 2023. Of the reduction in revenue, 55% will be borne by the Highway Operating Fund (Fund 7002), utilized by the Ohio Department of Transportation for administration and for the general planning, construction, and maintenance of state roads. 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.³

Vehicle registration data were obtained from the Ohio BMV. The registration data were then combined with national vehicle stock projections published in the *2022 Annual Energy*

¹ “Plug-in electric motor vehicles” are those for which the \$200 supplemental registration fee is currently charged, according to the BMV. This includes both “plug-in hybrid electric motor vehicles” and “battery electric motor vehicles.”

² If all of these registrations were valid for one full year, just under \$20.5 million would have been remitted to the BMV by alternative fuel vehicle registrants, where \$20.5 million = (35,100 x \$200) + (134,400 x \$100).

³ 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.

Outlook,⁴ published by the U.S. Energy Information Administration (EIA); the publication contains estimates of the number of hybrid, plug-in hybrid, and battery electric vehicles in use nationally from 2021 through 2050. The BMV and EIA data were combined to estimate the number of vehicles that will be reclassified by H.B. 346. These steps yielded an estimate of 25,500 vehicles that the bill would reclassify as “hybrid motor vehicles” as of FY 2024. LBO economists then utilized EIA projections to estimate the number of registrations in each classification in upcoming years, and calculated the total revenue loss from the bill. Lastly, LBO calculated the fiscal impact on each fund and type of local government by applying the distribution formula to the total revenue loss.

Should the consumer market for alternative fuel vehicles evolve differently than projected by the EIA, or should Ohio’s alternative fuel vehicle market be substantively different than national trends suggest, LBO’s projections may over or underestimate the true fiscal impact. Of particular note, past sales of hybrid vehicles depended in part on federal income tax credits. Sales and registration of alternative fuel vehicles are also likely to depend in part on federal incentives, as well as the build-up of Ohio’s public charging infrastructure.

HB0346IN/th

⁴ The EIA is a federal agency which provides research in the areas of energy use and environmental impact. The agency compiles a series of models and projections on energy supply and demand, and publishes them during the first calendar quarter each year in the [Annual Energy Outlook](#) series.