



Ohio Legislative Service Commission

Bill Analysis

Amanda M. Ferguson

H.B. 528

131st General Assembly
(As Introduced)

Reps. Ruhl, Boose, Hambley, Grossman, M. O'Brien

BILL SUMMARY

- Authorizes local authorities to establish additional motor vehicle license (i.e. registration) taxes (equal to a maximum total of \$15 in additional taxes per taxing district) as follows:
 - A \$5 tax may be established by a municipal corporation with the revenue to be retained by the municipal corporation;
 - A \$5 tax may be established by a township with the revenue to be retained by the township;
 - A \$5 tax may be established by a county with the revenue to be retained by the county;
 - A second \$5 tax may be established by a county with revenue to be shared between the county and any municipal corporations and townships that request adoption of the tax;
 - A second \$5 tax may be established by a municipal corporation, beginning four years after the effective date of the bill if the county has not levied the second additional county tax above, with the revenue to be retained by the municipal corporation; and

--A second \$5 tax may be established by a township, beginning four years after the effective date of the bill if the county has not levied the second additional county tax above, with the revenue to be retained by the township.

CONTENT AND OPERATION

New local motor vehicle license taxes

The bill authorizes local authorities to establish additional motor vehicle license (i.e. registration) taxes equal to a maximum total of \$15 in additional taxes per taxing district. A taxing district is either the municipal corporation or township in which the owner of a vehicle resides. Under the bill, a vehicle may potentially be subject to the following taxes in addition to the taxes under current law: a \$5 tax by either the municipal corporation or township, a \$5 tax by the county, and a \$5 tax by the municipal corporation, township, or county. Specifically, the bill authorizes the establishment of those additional taxes as follows:

| Local motor vehicle license taxes created under the bill | | | | |
|--|--------------|--------|--|--|
| Local authority | R.C. section | Amount | Requirements for creation | Allocation of revenue |
| Municipal corporation | R.C. 4504.23 | \$5 | May be established at any time by ordinance, resolution, or other measure | 100% to the municipal corporation |
| County | R.C. 4504.24 | \$5 | May be established at any time by resolution | 100% to the county |
| Township | R.C. 4504.25 | \$5 | May be established at any time by resolution | 100% to the township |
| County | R.C. 4504.26 | \$5 | May be established, by resolution, subject to all of the following: (1) The county must establish a tax under R.C. 4504.24; (2) Beginning four years after the effective date of the bill, a county cannot levy the tax on a motor vehicle registered in a municipal corporation | To be divided as follows: --If the registered vehicle is in a municipal corporation that adopted an ordinance requesting the county to adopt the license tax, 50% to the county and 50% to the municipal corporation. --If the owner of the registered vehicle |



Local motor vehicle license taxes created under the bill

| Local authority | R.C. section | Amount | Requirements for creation | Allocation of revenue |
|-----------------|--------------|--------|---|--|
| | | | <p>that has established a license tax under R.C. 4504.27 (see below) or a township that has established a license tax under R.C. 4504.28 (see below); and</p> <p>(3) The county must adopt a resolution, effective not sooner than 30 days after its adoption, that notifies the legislative authority of any municipal corporation and the board of township trustees of any township located within the county of all of the following:</p> <ul style="list-style-type: none"> --That the board of county commissioners intends to establish such a license tax; --That if the legislative authority of the municipal corporation or the board of township trustees adopts an ordinance or resolution requesting adoption of the license tax within 60 days after the effective date of the ordinance or resolution, the municipal corporation or township will receive a portion of the revenue from the license tax; and --That if the legislative authority of the municipal corporation or board of township trustees does not adopt such an ordinance or resolution within 60 days after the effective date of the resolution, the county will retain all revenue from the license tax. | <p>resides in the unincorporated area of an urban township¹ that adopted a resolution requesting the county to adopt the license tax, 50% to the county and 50% to the township.</p> <p>--If the owner of the registered vehicle resides in the unincorporated area of a township that is not an urban township that adopted a resolution requesting the county to adopt the license tax, 70% to the county and 30% to the township; and</p> <p>--If none of the above apply, 100% to the county.</p> |

¹ Under the bill, an urban township is a township that has a population of 15,000 or more and has adopted a limited home rule government (R.C. 504.01, not in the bill, and 4504.26(D)(2)).



| Local motor vehicle license taxes created under the bill | | | | |
|---|---------------------|---------------|---|------------------------------------|
| Local authority | R.C. section | Amount | Requirements for creation | Allocation of revenue |
| Municipal corporation | R.C. 4504.27 | \$5 | May be established, by ordinance, resolution or other measure, beginning four years after the effective date of the bill if the county is not levying a tax under R.C. 4504.26. | 100% to the municipal corporations |
| Township | R.C. 4504.28 | \$5 | May be established, by resolution, beginning four years after the effective date of the bill if the county is not levying a tax under R.C. 4504.26. | 100% to the township |

Purposes for which the taxes may be used

If a local authority establishes a tax as permitted under the bill, the revenue from the tax may only be used for the statutorily authorized purposes discussed below.

If levied by a county or municipal corporation

If the local authority that establishes the tax is a county or municipal corporation, the authorized purposes for which the revenue may be used are as follows:

- (1) Paying the costs and expenses of enforcing and administering the tax;
- (2) Planning, constructing, improving, maintaining, and repairing public roads, highways, and streets;
- (3) Maintaining and repairing bridges and viaducts;

(4) Paying the local authority's portion of the costs and expenses of cooperating with the Department of Transportation in the planning, improvement, and construction of state highways;

(5) Paying the local authority's portion of the compensation, damages, costs, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads and streets;



(6) Paying any costs apportioned to the local authority under R.C. 4907.47;

(7) Paying debt service charges on notes or bonds of the local authority issued for such purposes;

(8) If the local authority is a county, paying all or part of the costs and expenses of municipal corporations in planning, constructing, reconstructing, improving, maintaining, and repairing highways, roads, and streets designated as necessary or conducive to the orderly and efficient flow of traffic within and through the county under R.C. 4504.03;

(9) Purchasing, erecting, and maintaining street and traffic signs and markers;

(10) Purchasing, erecting, and maintaining traffic lights and signals; and

(11) Supplementing revenue already available for any of the aforementioned purposes.²

If levied by a township

If the local authority that establishes the tax is a township, the authorized purposes for which the revenue may be used are as follows:

(1) Paying the costs and expenses of enforcing and administering the tax;

(2) Constructing, reconstructing, improving, maintaining, and repairing township roads, bridges, and culverts;

(3) Purchasing, erecting, and maintaining traffic signs, markers, lights, and signals;

(4) Purchasing road machinery and equipment, and planning, constructing, and maintaining suitable buildings to house such equipment;

(5) Paying any costs apportioned to the township under R.C. 4907.47; and

² R.C. 4504.23(A)(2), 4504.24(A)(2), 4504.26(A)(1), and 4504.27(A).

(6) Supplementing revenue already available for any aforementioned purpose.³

Existing local motor vehicle license taxes

Under current law, the base cost to renew the registration of a passenger vehicle is \$34.50.⁴ Additionally, local authorities may establish a combination of local motor vehicle license taxes not exceeding \$20.00 per taxing district.⁵ The existing local motor vehicle license taxes that may be imposed are as follows:

- (1) A \$5 tax levied either by the county under R.C. 4504.02 or a municipal corporation under R.C. 4504.06;
- (2) A \$5 tax levied either by the county under R.C. 4504.15 or a municipal corporation under R.C. 4504.17;
- (3) A \$5 tax levied either by the county under R.C. 4504.16 or a municipal corporation under R.C. 4504.171;
- (4) A \$5 tax levied either by the municipal corporation under R.C. 4504.172 or a township under R.C. 4504.18.

Further, a transportation improvement district may establish taxes applicable to vehicles within the district in \$5 increments up to a total of \$20.⁶ A county that is participating in a regional transportation improvement project may establish taxes in \$5 increments, not exceeding \$25, on motor vehicles within the county.⁷

³ R.C. 4504.25(A)(2) and 4504.28(A).

⁴ R.C. 4503.04(B) and 4503.10(C)(1) and (D).

⁵ The fees for each taxing district can be found at www.publicsafety.ohio.gov/links/Taxing-District-Code-Book.pdf.

⁶ R.C. 4504.21.

⁷ R.C. 4504.22.



HISTORY

ACTION

DATE

Introduced

04-20-16

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