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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

<p style="text-align: center;"><b>H.B. 54</b> <b>136<sup>th</sup> General Assembly</b></p>	<h2 style="margin: 0;">Bill Analysis</h2> <p style="margin: 0;"><a href="#" style="color: white; text-decoration: underline;">Click here for H.B. 54's Fiscal Note</a></p>
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**Primary Sponsor:** Rep. Stewart

Margaret E. Marcy, and other LSC Staff

## TABLE OF CONTENTS

<b>DEPARTMENT OF TRANSPORTATION .....</b>	<b>4</b>
Traffic control devices.....	8
Bicycles .....	8
Public transit vehicles.....	10
Technical changes .....	10
General management and authority .....	10
Written performance improvement plans.....	10
Hazardous materials routes .....	11
Procurement authority.....	11
Aviation .....	12
Division of Advanced Air Mobility .....	12
Ohio Airport Improvement Program Fund.....	12
Highway use and obstructions.....	13
Using or occupying a state road or highway .....	13
Abandonment of telecommunications and utility structures.....	13
Removing obstructions from state highways.....	13
Delay costs and expenses regarding ODOT projects .....	14
Contracts and bidding.....	14
Chip and fog seal projects .....	14
Bidder prequalification.....	15
Timeline for qualification .....	15
Bidding capacity.....	15
ODOT construction contract adjustments .....	16

Indefinite delivery indefinite quantity (IDIQ) contracts .....	16
Regional transit authority (RTA) laws .....	17
RTA contracts with local law enforcement .....	17
RTA board approval threshold for certain contracts .....	17
Studies and programs .....	17
Repeal of required interchanges and NOACA study .....	17
NOACA traffic congestion study .....	18
ODOT pavement selection process analysis .....	18
Private transit voucher pilot program .....	19
Road Safety Pilot Program .....	20
I-73 feasibility study .....	20
Ohio Workforce Mobility Partnership Program .....	21
<b>DEPARTMENT OF PUBLIC SAFETY .....</b>	<b>21</b>
Motor vehicle registration .....	24
Private vendor specialty license plate program .....	24
Authority under the contract .....	25
Contract terms .....	25
Approval of designs .....	26
Third-party online registration exemption .....	26
Replica motor vehicles .....	27
Replica motor vehicle registration .....	27
Replica motor vehicle designation on certificate of title .....	27
Equipment exemptions for replica motor vehicles .....	28
Effective date .....	28
E-Check programmatic changes .....	29
Background .....	29
Alternative emissions certificate (AEC) program .....	29
Attestation form .....	30
Rejection of attestation form .....	30
Registration of a motor vehicle with an AEC .....	31
E-Check new car exemption .....	31
“E-Check Ease Act” .....	31
Driver’s licenses and state ID cards .....	31
Voter registration with BMV transaction .....	31
Repeal of enhanced driver’s license and ID card program .....	32
Limited term license applicants .....	33

Portable signal preemption device .....	33
Daily pre-trip school bus inspections.....	34
Adaptive mobility vehicle sales.....	34
Toll agreements with other states.....	35
<b>PUBLIC UTILITIES COMMISSION .....</b>	<b>35</b>
Positioning wayside detector systems.....	35
Midwest Interstate Passenger Rail Compact.....	35
Positioning wayside detector systems.....	36
Railroad carrier classifications.....	36
Spacing requirements .....	36
Exemptions to WDS spacing requirements.....	36
Five-mile allowance .....	36
Railroad tracks with low speed limit .....	37
Three-year review .....	37
Recodification.....	37
Midwest Interstate Passenger Rail Compact.....	37
Background and Compact formation and withdrawal.....	38
MIPRC .....	38
Membership .....	38
Duties and powers.....	39
Duties.....	39
Additional Powers .....	39
MIPRC financing .....	40
Other Compact terms.....	40
Default, termination, and reinstatement.....	40
Construction and severability.....	41
Appropriation .....	41
<b>DEPARTMENT OF NATURAL RESOURCES .....</b>	<b>41</b>
Watercraft or outboard motor notary requirements.....	41
<b>DEPARTMENT OF TAXATION.....</b>	<b>42</b>
Motor fuel tax allowances and refunds.....	43
Petroleum activity tax revenue.....	43

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## DEPARTMENT OF TRANSPORTATION

### Traffic control devices

- Modifies numerous phrases associated with traffic control devices to conform Ohio's laws to the federal regulations required in the federal Manual on Uniform Traffic Control Devices.
- Expands the types of highway traffic signal indications for pedestrians and vehicles, including bicycles and public transit vehicles.
- Prohibits parking in a bicycle lane.
- Makes numerous conforming and technical changes.

### General management and authority

#### Written performance improvement plans

- Requires the Ohio Department of Transportation (ODOT) to take immediate disciplinary action against a career professional service employee whose conduct is egregious, without giving that employee an opportunity to improve performance by means of the generally required six-month written performance improvement plan.

#### Hazardous materials routes

- Prohibits the Director of Transportation (ODOT Director) from designating the portion of State Route 315 between I-270 and I-70 as a hazardous materials route, including for nonradioactive hazardous materials, under federal law.

#### Procurement authority

- Expands the procurement authority of the ODOT Director to include services along with supplies and products, thus, aligning it with the Department of Administrative Services' similar authority on behalf of other state agencies.
- Modernizes the procurement process by eliminating antiquated procedures.

### Aviation

#### Division of Advanced Air Mobility

- Requires the ODOT Director to create a Division of Advanced Air Mobility within ODOT.
- Specifies the general objectives of the Division and authorizes it to work with other federal, state, and local entities to accomplish those objectives.

#### Ohio Airport Improvement Program Fund

- Creates the Ohio Airport Improvement Program Fund to be administered by the ODOT Office of Aviation.

- Specifies sources of money for the fund, including a portion of petroleum activity tax receipts, and authorizes money in the fund to go towards an existing Airport Improvement Program, administratively created by the Office of Aviation.

## **Highway use and obstructions**

### **Using or occupying a state road or highway**

- Prohibits any person from knowingly using or occupying a portion of a state highway if the ODOT Director revokes that person's permit to use or occupy the road or highway.
- Imposes a fine of up to \$500 for a first offense and up to \$2,500 for a subsequent offense on any person who violates the new prohibition or who violates any other provision of the law governing permits for occupying a road or highway.

### **Abandonment of telecommunications and utility structures**

- Requires ODOT to make reasonable attempts to identify the owner of an abandoned telecommunications or utility structure occupying a road, state highway, or right-of-way.
- Allows ODOT to remove the abandoned structure by retaining a third party if the reasonable attempts fail to identify the owner.

### **Removing obstructions from state highways**

- Imposes a fine of up to \$100 for each day that a person knowingly fails to remove or relocate an obstruction from a state highway when required to do so.

### **Delay costs and expenses**

- Allows the ODOT Director to require commitments and deadlines from persons, firms, corporations, and political subdivisions in conjunction with any work deemed necessary to carry out various duties of the Director and ODOT.
- Requires any delay costs and expenses incurred by the Director, ODOT, or any agent or consultant of ODOT to be borne by the entity responsible for the delay.
- Requires any delay costs and expenses incurred by ODOT to be certified to the Attorney General for collection by civil action.

## **Contracts and bidding**

### **Chip and fog seal projects**

- Authorizes ODOT to chip seal or fog seal an asphalt surface without using competitive bidding if certain parameters are met.
- Requires the ODOT Director to notify the board of county commissioners or board of township trustees of a chip seal or fog seal project at least 30 days in advance of it being competitively bid upon or ODOT starting the project by force account.

## **Bidder prequalification**

- Requires a contractor to meet the appropriate bidding capacity and other qualifications necessary to be awarded an ODOT contract at the time the contract is awarded, rather than at the time the bid is submitted for consideration as under current law.
- Requires a contractor, unless otherwise exempted, to submit the required certificate of compliance with affirmative action programs no earlier than 180 days before the contract is awarded, rather than 180 days before the opening of bids as under current law.
- To obtain a certificate of qualification of bidding capacity from ODOT, increases the threshold from \$5 million to \$10 million for determining the format of the financial verifications required from the bidding contractor.

## **ODOT construction contract adjustments**

- Raises the monetary threshold below which the ODOT Director may increase the quantities of any item in a competitively bid construction contract to the lesser of \$200,000 or 10% of the total contract price, rather than the lesser of \$100,000 or 5% of the total contract price as in current law.
- Increases the amount below which a change order or extra work contract is not subject to the monetary thresholds discussed above to \$50,000, rather than \$25,000 as in current law.

## **Indefinite delivery indefinite quantity (IDIQ) contracts**

- Authorizes the ODOT Director to enter into indefinite delivery indefinite quantity (IDIQ) contracts for up to two projects in both FYs 2026 and 2027.
- For IDIQ contracts, requires the Director to prepare bidding documents, establish contract forms, determine contract terms and conditions, develop and implement a work order process, and take any other action necessary to fulfill the Director's duties and obligations related to IDIQ contracts.

## **Regional transit authority (RTA) laws**

### **RTA contracts with local law enforcement**

- Requires an RTA to enter into and maintain a contract with one or more local law enforcement entities to enforce laws and ensure safety at or in the vicinity of its centralized transportation hub if both of the following apply:
  - The centralized transportation hub has six or more service routes; and
  - The RTA does not maintain a transit police department.

### **RTA board approval threshold for certain contracts**

- Increases the threshold, from \$100,000 to \$250,000 (the threshold set in federal law) that triggers the requirement that an RTA board approve a contract, but allows the board to require board approval for contracts under that amount.

## **Studies and programs**

### **Repeal of required interchanges and NOACA study**

- Repeals the requirement that ODOT construct certain interstate interchanges.
- Requires the ODOT Director, in consultation with or led by the Northeast Ohio Areawide Coordinating Agency, to conduct a study to develop a traffic congestion management strategic plan and submit a related report.

### **ODOT pavement selection process analysis**

- Requires ODOT to contract with a neutral third-party entity to conduct a study of the Department's pavement selection process.
- Requires the ODOT Director to appoint an advisory council to recommend the neutral third-party entity, oversee the study, and make final recommendations based on the study.
- Requires ODOT to make changes to its pavement-selection process based on the neutral third-party entity's study and recommendations included in the advisory council's final report.

### **Private transit voucher pilot program**

- Requires the ODOT Office of Transit to conduct a pilot program that distributes private transit vouchers to low-income individuals.
- Requires the Office to study whether the voucher distribution is a cost-effective option for eliminating public transit routes that have low ridership, while still maintaining access to transportation options for participants in the program.

### **Road Safety Pilot Program**

- Requires the ODOT Director to establish the Road Safety Pilot Program to assess speed compliance in construction zones.
- Allows ODOT to use various means to slow the speed of traffic in these construction zones, including speed monitoring devices.
- Prohibits ODOT from using traffic cameras for enforcement of speed limits in construction zones that are part of the Pilot Program.

### **I-73 feasibility study**

- Requires the ODOT Director to conduct a feasibility study for an Interstate Route 73 corridor, primarily along current U.S. Route 23, stretching from Toledo to Chesapeake, Ohio.

## Ohio Workforce Mobility Partnership Program

- Continues the Ohio Workforce Mobility Partnership Program, which is administered by ODOT and is generally designed to expand transit transportation options between different service areas and between rural and urban locations.

## Traffic control devices

(R.C. 154.01, 717.02, 4501.01, 4511.01, 4511.031, 4511.09, 4511.091, 4511.092, 4511.094, 4511.11, 4511.13, 4511.131, 4511.132, 4511.15, 4511.18, 4511.204, 4511.211, 4511.214, 4511.351, repealed, 4511.432, 4511.46, 4511.48, 4511.491, repealed, 4511.512, 4511.61, 4511.62, 4511.64, 4511.65, 4511.68, 4511.701, 4511.712, 4519.401, 5517.02, and 5571.01)

The federal Manual on Uniform Traffic Control Devices (MUTCD) is a compilation of national standards for all traffic control devices, including road markings, highway signs, and traffic signals. The national standards ensure that a stop sign or intersection in Ohio are the same as a stop sign or intersection in Texas, Florida, Wyoming, or any other state. The consistency makes it easy to travel anywhere in the U.S. and know the rules of the road. The Federal Highway Administration adopted updated regulations for the MUTCD, effective January 18, 2024. States have two years from that effective date to update their own standards to comply with the federal changes.<sup>1</sup>

The bill modifies numerous phrases in Ohio law associated with traffic control devices to comply with those required updates. A list of the phrases and their new meanings is primarily found in R.C. 4511.01. Many of the changes involve minor changes in phraseology. For example, the term “private road open to public travel” is changed to “site roadway open to public travel,” and the term “private road or driveway” is split into two separate terms, “private road” and “driveway,” each with two separate definitions. The definitions all model those within the federal regulations. While they may impact the technical specifications of how a “crosswalk” or “intersection” is designed, most of them will not impact the average road-user’s understanding of a crosswalk or intersection.

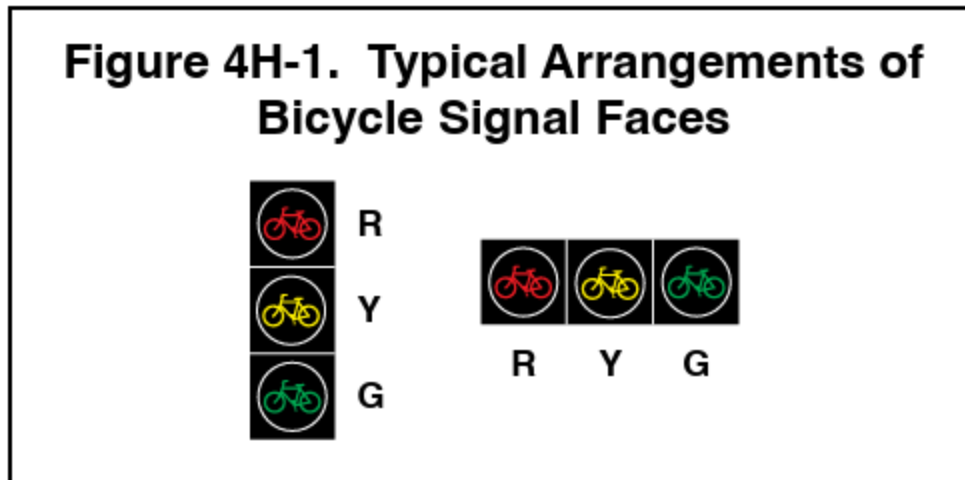
## Bicycles

Increases in bicycle traffic, both in cities and suburban areas, have increased the need for traffic control devices that help control the safe movement of bicyclists, especially in relationship to the adjacent motor vehicle traffic. The bill adds numerous terms related to bicycle use alongside and within roadways. It also authorizes the use of bicycle symbol signal indications and specifies their meaning so that local jurisdictions can control the movement of bicyclists in the same manner that a traffic light controls the movement of motor vehicles. The bicycle signal indications of red, yellow, and green are very familiar to most drivers and appear as follows in the MUTCD:

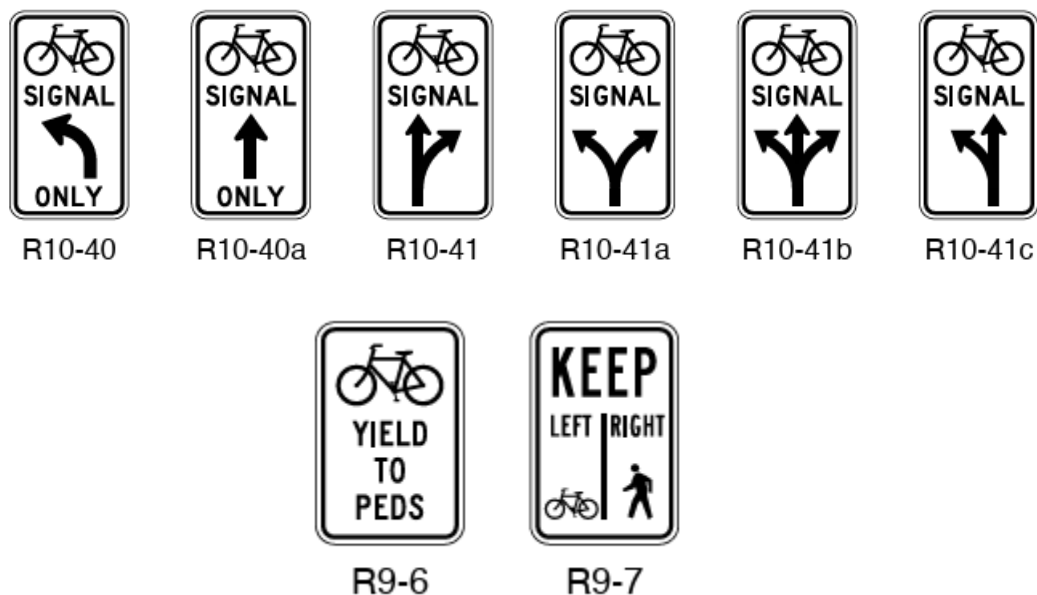
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<sup>1</sup> See “Manual on Uniform Traffic Control Devices” at: [mutcd.fhwa.dot.gov](https://mutcd.fhwa.dot.gov).





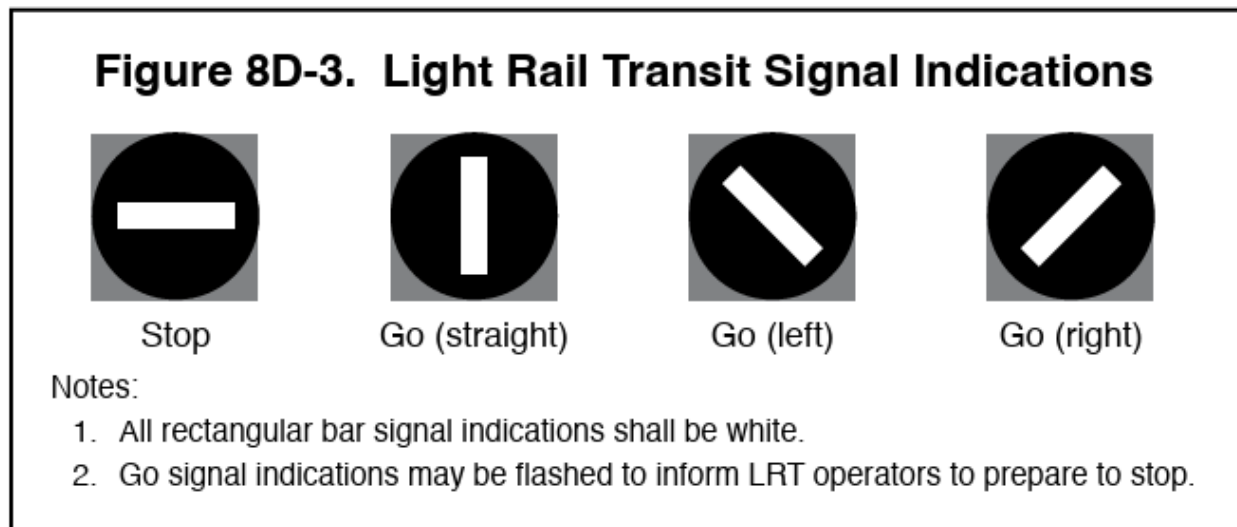
Similarly, the bill authorizes bicycle signal signs to accompany the bicycle signal indications or to be used as part of bicycle facilities (e.g., a bike lane or shared-use path) to govern the movement of bicyclists. The bicycle signal signs are similar to the road signs that direct motor vehicle drivers on when to yield, when U-turns are prohibited, or which lane to use. Examples of some of the bicycle signal signs in the MUTCD are as follows:



Relatedly, the bill prohibits parking in a bicycle lane (to help ensure the lane is generally available to bicyclists), unless necessary to avoid conflict with other traffic, to comply with another traffic law, or to obey the orders of a police officer or other traffic control device. A violation of the prohibition is a minor misdemeanor, with gradually increasing penalties if the offender is guilty of other traffic offenses within the year.

## Public transit vehicles

Similar to authorizing new bicycle signal indications, the bill adds provisions to Ohio law governing transit vehicle signal indications. Specifically, these signal indications govern light rail and mass transit system bus traffic when it transitions from a designated busway, lane, or tracks onto a roadway with mixed-use traffic (i.e., motor vehicles, bicycles, other buses, etc.). The transit vehicle signal indications include the following in the MUTCD:



## Technical changes

The bill makes numerous technical and conforming changes in the vehicle traffic, equipment, and highway laws to account for the changes in terminology necessary to comply with the updates to the federal regulations.

## General management and authority

### Written performance improvement plans

(R.C. 5501.20)

Under current law, Ohio Department of Transportation (ODOT) career professional service employees receive a written performance review at least once a year or as often as the Director of Transportation (ODOT Director) considers necessary. If one of these professional employee's performance is unsatisfactory, ODOT must give the person an opportunity to improve his or her performance over the course of at least six months, through a written performance improvement plan, before taking any disciplinary action. Under current law, it is unclear if the six-month improvement period applies even when the person's conduct is dangerous or particularly problematic.

The bill clarifies expectations for dangerous or problematic conduct by requiring ODOT to take immediate disciplinary action, without the six-month improvement period, if the employee's conduct or committed offense is egregious. Egregious conduct or offenses are those that are

especially serious in nature, including theft in office, illegal drug use while working, discrimination or harassment, assault, or other similar conduct or offenses.

### **Hazardous materials routes**

(R.C. 5511.11)

The bill prohibits the ODOT Director from designating the portion of State Route 315 between I-270 and I-70 as a hazardous materials route, including for non-radioactive hazardous materials. Under federal law, state departments of transportation notify the Federal Motor Carrier Safety Administration (FMCSA) of which highways (other than interstate highways, which are automatically included) are safe for the transportation of hazardous materials. Those highways are then included in the FMCSA's "Hazardous Materials Route Registry" for transporters of those materials to reference in knowing what routes to take to deliver the materials.<sup>2</sup>

The bill requires the ODOT Director to notify the FMCSA about any necessary changes to the Registry and to designate other routes, if necessary, for the transportation of hazardous materials to their final destination.

### **Procurement authority**

(R.C. 5513.01)

The bill expands the general procurement authority of the ODOT Director to include services along with supplies and products (named as machinery, materials, and other articles under current law). The expansion aligns the Director's authority with the similar authority of the Department of Administrative Services (DAS) for procurement on behalf of other state agencies.<sup>3</sup> The bill also modernizes the procurement process by doing the following:

- Eliminating antiquated notice procedures that require the Director to post notice of proposed purchases on a bulletin board located at the ODOT offices in Columbus;
- Eliminating bidding procedures that authorize producers and distributors to notify the Director in writing of their products;
- Eliminating the requirement that the Director mail invitations to bidders, and eliminating the authority for the Director to mail copies of bid invitations to news agencies or other similar entities; and
- Authorizing the Director to use the existing DAS electronic procurement system to solicit bids for supplies, products, and services.

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<sup>2</sup> The FMCSA's [Hazardous Materials Route Registry](https://www.fmcsa.dot.gov) may be found on their website by searching the Registry's name at: [fmcsa.dot.gov](https://www.fmcsa.dot.gov).

<sup>3</sup> R.C. 125.01 and 125.073, not in the bill.

## Aviation

### Division of Advanced Air Mobility

(R.C. 5501.041)

The bill requires the ODOT Director to create a Division of Advanced Air Mobility (AAM) within ODOT. The Director must appoint a deputy director for the new Division and assign that deputy director duties, powers, and functions in accordance with existing procedures for the assignment of responsibilities within ODOT.

The general purpose of the new Division of AAM is to integrate AAM capabilities into the existing public service networks within Ohio and to support AAM public safety and national security objectives. To that purpose, the Division must do all the following:

- Incorporate AAM into state public transportation by:
  - Establishing an operational state-based AAM air traffic management system;
  - Ensuring that the state system integrates with the existing Federal Aviation Administration air traffic management system;
  - Developing AAM tracking and information infrastructure; and
  - Establishing AAM overflight and liability regulations, with consideration to the current federal regulations.
- Support AAM solutions for law enforcement, fire departments, and emergency medical services;
- Support public safety and national security objectives with respect to AAM and critical infrastructure protection policies.

The bill authorizes the Division of AAM to coordinate with the ODOT Office of Aviation and any other federal, state, or local government agency, office, or department in advancing its purpose and fulfilling its responsibilities.

### Ohio Airport Improvement Program Fund

(R.C. 4561.03)

The bill creates the Ohio Airport Improvement Program Fund within the state treasury. The fund consists of money appropriated to it by the General Assembly and transfers from the Petroleum Activity Tax Fund (see “**Petroleum activity tax revenue**” in the “**Department of Taxation**” portion of this analysis). The fund must be used by the Office of Aviation to support the Ohio Airport Improvement Program, which was administratively created by that Office. That program provides financial support to publicly owned, public-use airports in Ohio. All investment earnings of the fund must be credited to it.

## Highway use and obstructions

### Using or occupying a state road or highway

(R.C. 5515.01 and 5515.99)

Under existing law, the ODOT Director may grant a permit to any individual, firm, or corporation to use or occupy a portion of a road or highway on the state highway system if the use or occupation will not inconvenience the traveling public. This permit is subject to several conditions and may be revoked by the Director at any time for noncompliance with the conditions. Regarding telephone and electric light and power companies, a use or occupation permit is required for poles, wires, conduits, and other equipment comprising lines on or below state highways. The bill prohibits any person from knowingly using or occupying a portion of a state highway if the Director has revoked the person's permit. A court must fine a person who violates the prohibition or who violates any other provision of the law governing permits for occupying a road or highway up to \$500 for the first offense and up to \$2,500 for each subsequent offense. Current law does not establish any specific penalties for violations of that law.

### Abandonment of telecommunications and utility structures

(R.C. 5515.10)

Under the bill, ODOT must make reasonable attempts to identify the owner of an abandoned telecommunications or utility structure in, on, under, or otherwise occupying a state highway or right-of-way. If all reasonable attempts to identify the owner have failed, ODOT may remove or cause the removal of the abandoned structure by retaining a third party.

A "telecommunications carrier" is defined under both state and federal law as any provider of telecommunications services, excluding aggregators of telecommunications services. "Utility provider" is defined as an entity listed under the existing public utility company law (e.g., an electric light company, natural gas company, or water-works company) regardless of whether the entity is subject to regulation by the Public Utilities Commission (PUCO). The bill defines "telecommunications or utility structure" as any facility, line, pipe, cable, or other equipment used by a telecommunications carrier or utility provider to provide service. "Abandon" excludes a change of ownership of the telecommunications or utility structure.<sup>4</sup>

### Removing obstructions from state highways

(R.C. 5515.02 and 5515.99)

Current law generally requires all individuals, firms, and corporations using or occupying any part of a state highway with any object or structure to remove or relocate the object or structure when the ODOT Director believes that it constitutes an obstruction or interferes with or may interfere with various improvements or uses of the highway. The Director must notify and direct the entity using or occupying the road or highway to remove or relocate the obstruction. If the entity does not do so within five days of service of the notice, the Director may remove or relocate the obstruction. If the Director determines that the obstruction presents an immediate

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<sup>4</sup> R.C. 4905.02, 4905.03, and 4927.01, not in the bill; 47 United States Code (U.S.C.) 153.

and serious threat to the safety of the traveling public, the Director may remove or relocate the obstruction without prior notice. The costs and expenses when ODOT removes or relocates the obstruction are paid out of ODOT's highway appropriations, with these cost and expense amounts then certified to the Attorney General (AG) for collection by civil action.

The bill specifies that any project delay costs and expenses incurred by ODOT due to the failure of an owner to timely remove or relocate an obstruction must be certified to the AG for collection. The AG must bring a civil action to collect the amount so certified. Furthermore, the bill adds that a person who knowingly fails to remove or relocate an obstruction from a state highway when required to do so is subject to a fine of up to \$100 for each day that the person remains in violation.

## **Delay costs and expenses regarding ODOT projects**

(R.C. 5517.06)

The bill authorizes the ODOT Director to require commitments and deadlines from persons, firms, corporations, and political subdivisions in conjunction with any work deemed necessary to carry out various duties of the Director and ODOT. Any delay costs and expenses incurred by the Director, ODOT, or any agent or consultant of ODOT due to the commitments and deadlines not being followed are required to be borne by the entity responsible for the delay. The delay costs and expenses must be certified to the AG for collection by civil action.

"Delay costs and expenses" means all actual costs, including any contract modifications, acceleration agreements, wages, labor costs other than wages, wage taxes, materials, equipment costs and rentals, storage costs of materials and equipment, insurance, and subcontracts attributable to the delay, plus a reasonable sum for overhead.

## **Contracts and bidding**

### **Chip and fog seal projects**

(R.C. 5517.021 and 5517.08)

The bill authorizes ODOT to chip seal or fog seal an asphalt surface without using competitive bidding for the project if both of the following apply:

1. The operation is 28 feet in width or less, excluding turn lanes; and
2. ODOT's overall operations statewide do not exceed 200 cumulative centerline miles of chip seal or fog seal projects annually.

Under current law, ODOT generally must use competitive bidding for its highway and bridge projects, unless the project falls beneath certain force account thresholds or the scope of the project is less than the statutory specifications. For example, ODOT may pave or patch an asphalt surface if the operation does not exceed 120 tons of asphalt per lane-mile of roadway length and the cost does not exceed the force account limits.

Additionally, the bill requires the ODOT Director to notify the appropriate board of county commissioners or the board of township trustees, depending on the location of the state highway being chip sealed or fog sealed, at least 30 days in advance of the start of the project. If ODOT is

competitively bidding the project, the start date is considered the date ODOT will advertise for bids. If ODOT is performing the project through force account, the start date is the date ODOT will begin chip sealing or fog sealing the state highway.<sup>5</sup>

### **Bidder prequalification**

(R.C. 5535.03, 5525.04, and 5525.08)

Under current law, contractors interested in bidding on highway, bridge, and similar construction contracts awarded by ODOT can apply for a certificate of qualification in advance of bidding on the specific projects. The certificate of qualification provides an opportunity to pre-check the contractor's qualifications (including compliance with affirmative action programs, financial worth, and current liabilities) and establishes what types of projects the contractor could reasonably qualify for over the course of the next year.

### **Timeline for qualification**

The bill modifies the time by which a contractor must meet the appropriate bidding capacity and other qualifications. Specifically, under current law, a contractor must submit a certificate of compliance demonstrating that the contractor complies with federal and state affirmative action programs<sup>6</sup> up to 180 days before the opening of bids and must meet the bidding capacity and several other qualifications related to the project at the time that the bids are submitted for consideration.

The bill instead requires contractors to submit the affirmative action certificate of compliance up to 180 days before the contract award date and meet the bidding capacity and other qualifications at the time that the contract is awarded. A bidder's financial qualification for a contract is partially determined by the bidder's bidding capacity minus the bidder's pending work. Thus, the modification gives bidders extra time to finalize current projects, free up assets, or take any other steps necessary to meet the qualifications required for the bid.

### **Bidding capacity**

A contractor's "bidding capacity" is the value of work (in the aggregate) that a contractor is allowed to bid on, based on that contractor's assets and capital. Thus, a contractor with a bidding capacity of \$20 million may bid on a single project up to that total value or multiple projects that together add up to that total value.

The bill increases the threshold from \$5 million to \$10 million for determining the form of the financial review that is necessary as part of the contractor's application for a certificate of qualification. Specifically, a contractor must submit either:

1. A financial review (for contractors with a bidding capacity less than the threshold); or

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<sup>5</sup> For more information on the process of chip sealing or fog sealing, please see "[Chip Seal](#)," which may also be found by searching "chip sealing" on ODOT's website at: [transportation.ohio.gov](http://transportation.ohio.gov).

<sup>6</sup> R.C. 9.47, not in the bill.

2. A financial audit prepared and attested as correct by an independent certified public accountant (for contractors with a bidding capacity at or greater than the threshold).

The ODOT Director cannot award a contract to a bidder unless the Director believes the bidder possesses net current assets or working capital that is sufficient to satisfactorily execute its current contracts and all contractual obligations. Additionally, the aggregate work in a certificate of qualification cannot exceed ten times the bidder's net current assets or working capital. Thus, for example, a contractor with current net assets of \$600,000 could only receive a certificate of qualification for up to \$6 million in bidding capacity. Under current law, that contractor would need to submit a financial audit as part of the prequalification process. Under the bill, however, that contractor could submit a financial review instead.

### **ODOT construction contract adjustments**

(R.C. 5525.14)

Existing law allows the ODOT Director, without utilizing competitive bidding, to increase the quantities of any item specified or not specified in a competitively bid construction contract, provided that the increase does not exceed the statutory monetary threshold. The bill raises this monetary threshold to the lesser of \$200,000 or 10% of the total contract price, up from the lesser of \$100,000 or 5% of the total contract price as under current law.

But, under continuing law, the monetary threshold described above does not apply for change orders or extra work contracts if certain conditions are met. One of those conditions is if the total dollar increase for the change orders or extra work contracts are below \$25,000. The bill increases this total dollar amount to below \$50,000.

### **Indefinite delivery indefinite quantity (IDIQ) contracts**

(Section 203.100)

The bill requires the ODOT Director to advertise, seek bids for, and award indefinite delivery indefinite quantity (IDIQ) contracts for up to two projects in both FYs 2026 and 2027. An IDIQ contract is a contract for an indefinite quantity, within stated limits, of supplies or services that will be delivered by the awarded bidder over a defined contract period.

When entering into IDIQ contracts, the Director must:

1. Prepare bidding documents;
2. Establish contract forms;
3. Develop and implement a work order process; and
4. Determine contract terms and conditions, including the maximum overall value of the contract, which may include an allowable increase of \$100,000 or 5% of the advertised contract value, whichever is less; the duration of the contract, including an allowable extension of up to one year; and the defined geographical area to which the contract applies, which may not be greater than the size of one ODOT district.



The bill also authorizes the Director to take any other action necessary to fulfill the Director's duties and obligations related to IDIQ contracts. The requirements pertaining to IDIQ contracts are an extension of the requirements from previous transportation budgets.

## **Regional transit authority (RTA) laws**

### **RTA contracts with local law enforcement**

(R.C. 306.35)

The bill requires an RTA to enter into and maintain a contract with one or more local law enforcement entities to enforce laws and ensure safety at or in the vicinity of its centralized transportation hub if both of the following apply:

1. The centralized transportation hub has six or more service routes; and
2. The RTA does not maintain a transit police department.

### **RTA board approval threshold for certain contracts**

(R.C. 306.43)

The bill increases the threshold, from \$100,000 to \$250,000 (the threshold set in federal law) that triggers the requirement that an RTA board approve a contract, but allows the board to require board approval for contracts under that amount.

Under current law, all contracts involving expenditures in excess of \$100,000 must be approved by the RTA board and signed by the board on behalf of the RTA authority and by the contractor. The bill, instead, allows the RTA board to adopt a policy on whether board approval is required to enter into a contract involving expenditures below the federal simplified acquisition threshold, which is \$250,000. However, all contracts at or above \$250,000 must still be approved by the RTA board, regardless of its policy for expenditures below that amount.

## **Studies and programs**

### **Repeal of required interchanges and NOACA study**

(R.C. 5501.60, repealed by the bill; Section 755.10)

The bill repeals a provision, enacted in H.B. 23 of the 135<sup>th</sup> General Assembly (the last biennium transportation budget), that requires ODOT to construct certain interstate interchanges. The provision specifies that ODOT must ensure that limited access exit and entrance ramps to interstate highways exist at least every 4.5 miles in adjacent municipal corporations, provided that:

- Each municipal corporation has a population above 35,000 (based on the most recent federal decennial census);
- The municipal corporations are located in different counties; and
- At least one of the municipal corporations is located in a county with a population above one million (based on the most recent federal decennial census).

The current provision does not require ODOT to seek prior approval for the construction from the U.S. Department of Transportation (U.S. DOT) or the Federal Highway Administration (FHWA). Federal law currently prohibits states from adding “any points of access to, or exit from” projects on the Interstate Systems without approval by the U.S. DOT Secretary.<sup>7</sup> Additionally, the FHWA has released policy guidelines specifying the forms of operational safety analyses that a state must conduct and submit in order to receive approval for new or revised access points to the Interstate.<sup>8</sup> The bill’s repeal of the required construction of the interchanges removes any potential conflict with the federal requirements.

### **NOACA traffic congestion study**

The bill requires the ODOT Director, in consultation with the Northeast Ohio Areawide Coordinating Agency (NOACA) to conduct a study to develop a traffic congestion management strategic plan. At the Director’s discretion, NOACA may lead the study. The study must examine the area along I-71 bounded by U.S. Route 42 (north and west), State Route 303 (south), and West 130<sup>th</sup> Street (east). The area is the same congested area along I-71 that is near the proposed interchange repealed by the bill.

The Director or NOACA must complete the study by December 31, 2026, and submit a report of the study’s findings to all of the following:

1. The Governor;
2. The Speaker of the House;
3. The Senate President;
4. The chairpersons of the House and Senate committees pertaining to transportation; and
5. The chief executive officer and legislative authority of Strongsville, North Royalton, and Brunswick.

The report may include solutions to mitigate and strategically manage any traffic congestion concerns found during the study.

### **ODOT pavement selection process analysis**

(Section 755.20)

The bill requires ODOT, subject to Controlling Board approval, to contract with a neutral third-party entity to conduct a study of ODOT’s pavement selection process. The study must include a life cycle cost analysis and user delay analysis and a review of constructability and environmental factors. The entity must be an individual or an academic, research, or professional association with an expertise in pavement selection processes. The entity cannot be a research center for concrete or asphalt pavement. The third-party entity’s study must compare and contrast ODOT’s pavement selection process with those of other states and with model selection

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<sup>7</sup> 23 U.S.C. 111.

<sup>8</sup> See “[Policy on Access to the Interstate System](https://www.fhwa.dot.gov/policy/interstate/)” available on the FHWA’s website at: [highways.dot.gov](https://www.fhwa.dot.gov).

processes as described by the American Association of State Highway and Transportation Officials and the Federal Highway Administration.

By July 31, 2025, the bill requires ODOT to appoint an advisory council to recommend the neutral third-party entity and to approve the scope of study. The advisory council must consist of the following members:

1. The ODOT Director, who must act as Chairperson of the council;
2. A member of the Ohio Society of Certified Public Accountants;
3. A member of a statewide business organization representing major corporate entities from a list of three names recommended by the Speaker of the House;
4. A member of the Ohio Society of Professional Engineers;
5. A member of a business organization representing small or independent businesses from a list of three names recommended by the Senate President;
6. A representative of the Ohio Concrete Construction Association; and
7. A representative of Flexible Pavements Association of Ohio, Inc.

Members of the advisory council representing the Ohio Society of Certified Public Accountants, the Ohio Society of Professional Engineers, the small or independent businesses, and the major corporate entities cannot have any conflict of interest with the position.

The advisory council must select the neutral third-party entity and determine the scope of the entity's study by September 1, 2025. Once appointed, the council must meet at least every 30 days to direct and monitor the work of the neutral third-party entity, including responding to any questions raised by that entity. The council must publish a schedule of meetings and provide adequate public notice of the meetings. The meetings are subject to public meeting requirements.

The advisory council must issue a final report to the Director with recommendations concerning ODOT's pavement selection process. The report and recommendations must take into account the study conducted by the neutral third party. The advisory council must allow a comment period of at least 30 days before issuing its final report, which must be completed by December 31, 2025. The council ceases to exist once it issues the final report.

ODOT must make changes to its pavement-selection process based on the neutral third-party's study and recommendations included in the advisory council's final report

### **Private transit voucher pilot program**

(Sections 203.43 and 755.30)

The bill requires the ODOT Office of Transit to conduct a pilot program that distributes private transit vouchers (e.g., for ridesharing, transportation network company rides, taxicabs, or similar for-hire options) to low-income individuals (those equal to or less than 400% of the federal poverty level). The Office must study whether the voucher distribution is a cost-effective option for eliminating public transit routes that have low ridership, while still maintaining access to transportation options for participants in the program.

The Office must submit a report of its findings and recommendations by January 1, 2027. The report must be submitted to the Senate President, the Speaker of the House, and the chairpersons of the House and Senate committees pertaining to transportation. The pilot program ends with submission of the report. The bill also earmarks \$1 million in FY 2026 under Fund 7002 ALI 772422, Highway Construction – Federal, to run the private transit voucher pilot program.

### **Road Safety Pilot Program**

(Section 755.40)

The bill requires the ODOT Director to establish a Road Safety Pilot Program by October 1, 2025, to assess speed compliance in construction zones. ODOT must operate the program for one year. During that year, the Director must utilize both of the following in one or more construction zones:

1. Speed monitoring devices with flashing lights that display the speed at which a motor vehicle operator is traveling in a construction zone; and
2. Any other methods determined by ODOT that have the effect of reducing the speed of drivers in construction zones. These additional methods may include lane changes, rumble strips, and single lanes. In no case is ODOT permitted to use traffic law photo monitoring devices for purposes of issuing a ticket for a speeding offense.

For purposes of the program, the Director is required to post signs in each construction zone in which the program is operating. The signs must indicate that the zone is being monitored for speed under the program. The Director may contract with a third party to implement the program.

Within three months after the termination of the pilot program, the Director must prepare a report that includes data summarizing instances of excessive speed in construction zones that are included in the program. The Director must submit the report to the Senate President, the Speaker of the House, and the Governor.

### **I-73 feasibility study**

(Sections 203.25 and 755.50)

The bill requires the ODOT Director, by December 31, 2026, to conduct a feasibility study for the creation of an Interstate Route 73 corridor connecting Toledo to the north and Chesapeake to the south of Ohio. The corridor would travel primarily alongside current U.S. Route 23, connecting I-74, I-75, Michigan, Ohio, West Virginia, Virginia, North Carolina, and South Carolina along one continuous interstate route.

The feasibility study must examine how to alleviate congestion along U.S. Route 23, the economic impacts of a new interstate corridor, safety concerns, connectivity issues, and methods of coordinating all the interested parties. The bill earmarks \$2 million in FY 2026 from Highway Operating Fund (Fund 7002) appropriation item 771411, Planning and Research – State for ODOT to conduct the study.

## Ohio Workforce Mobility Partnership Program

(Sections 203.45, 620.10, and 620.11)

The bill continues the Ohio Workforce Mobility Partnership Program that was created through H.B. 23 of the 135<sup>th</sup> General Assembly for the FY 2026-2027 biennium. The program is administered by ODOT and is generally designed to expand transit transportation options between different service areas and between rural and urban locations. Under the program, the board of trustees of any RTA (urban or rural) may singularly or jointly apply for grant funding for individual or collaborative projects that meet the program's purposes. The bill earmarks \$15 million in each fiscal year from Highway Operating Fund (Fund 7002) appropriation item 772422, Highway Construction – Federal for ODOT to administer the program, similar to last biennium.<sup>9</sup>

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## DEPARTMENT OF PUBLIC SAFETY

### Motor vehicle registration

#### Private vendor specialty license plate program

- 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 based on legislative enactment and any 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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<sup>9</sup> For more about the program, see the LSC [Final Analysis for H.B. 23](#), which is available on the General Assembly's website: [legislature.ohio.gov](http://legislature.ohio.gov).

- 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 Controlling Board for approval, and requires the Controlling Board 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.

### **Replica vehicles**

- Authorizes a person to register a replica motor vehicle (which is a vehicle that intends to replicate another motor vehicle that is at least 25 years old), for limited operation on public roads and highways.
- Authorizes the owner of a replica motor vehicle to request that the certificate of title indicate that the vehicle is a replica vehicle and establishes procedures for issuance of the certificate of title.
- Exempts replica motor vehicles from certain requirements (e.g., emissions, noise control, and fuel usage) that were not in effect in the year of manufacture that the vehicle replicates.

### **E-Check programmatic changes**

- Creates an alternative, parallel system by which an owner of a motor vehicle may comply with the E-Check program without submitting to an E-Check emissions test by obtaining an alternative emissions certificate (AEC).
- Requires the Director of Environmental Protection to do all the following:

- Issue an AEC when the owner of a motor vehicle subject to the E-Check program submits an attestation form to the Director that affirms that the motor vehicle complies with all Ohio and U.S. laws governing motor vehicle emissions;
  - Deliver an AEC within 30 business days after receipt of the attestation form by mail and within five business days after electronic receipt;
  - Reject an attestation form for various reasons, including that an attestation form contains false information; and
  - Send a notice letter to an owner who submits an attestation form containing false information and allow the owner to correct the form.
- Requires an owner to have an emissions test performed on the owner's motor vehicle and obtain an inspection certificate, instead of an AEC, if an attestation form is rejected and not corrected.
  - Requires the Registrar to accept an AEC in lieu of an inspection certificate for the purpose of registering a motor vehicle in an E-Check county.
  - Requires the Registrar to ensure that owners registering motor vehicles in E-Check counties receive information about the AEC process.
  - Expands the new motor vehicle exemption under the E-Check program so that it applies to motor vehicles six years old or newer, rather than four years old or newer as in current law.
  - Creates a new exemption for hybrid motor vehicles that are seven years old or newer.

## **Driver's licenses and state ID cards**

### **Voter registration with BMV transaction**

- Prohibits the Registrar or a deputy registrar from offering voter registration to a customer who, according to BMV records, is ineligible to register to vote.

### **Repeal of enhanced driver's license and ID card program**

- Repeals all provisions of law related to an enhanced commercial driver's license, enhanced driver's license, and enhanced state ID card.

### **Limited term license applicants**

- Requires an adult limited term license applicant (generally a noncitizen with legal presence in the U.S.) to successfully complete a driver training course and 50 hours of practice driving accompanied by a licensed adult prior to first issuance of the license.

### **Portable signal preemption device**

- Authorizes the operator of a highway maintenance vehicle (when used for snow removal and owned/operated by or on behalf of a political subdivision) to possess a portable signal preemption device (i.e., a device that can change a traffic light from red to green out of sequence).

- Authorizes that operator to use the portable signal preemption device when responding to an emergency weather event.

### **Daily pre-trip school bus inspections**

- Eliminates and precludes specified equipment checks that are currently required by rule for daily pre-trip inspections of school buses.
- Requires the Ohio State Highway Patrol to still maintain checks of that equipment in their annual school bus inspections.

### **Adaptive mobility vehicle sales**

- Expands who may sell a used adaptive mobility vehicle to include both a licensed used motor vehicle dealer and a leasing motor vehicle dealer, in addition to a licensed adaptive mobility dealer or a licensed new motor vehicle dealer as in current law.

### **Toll agreements with other states**

- Allows the DPS Director to enter into agreements with a private toll collection facility in another state to enforce toll collections.

## **Motor vehicle registration**

### **Private vendor specialty license plate program**

(R.C. 4503.038, 4503.19, 4503.261, 4503.262, and 5502.68)

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.

**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, in amounts established under the contract, 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.

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

**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 established in the contract and 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.

### **Approval of designs**

Under the bill, the Registrar must submit each specialty license plate design created under the specialty license plate program to the Controlling Board. The Board 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 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.

### **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 the above requirements results in a maximum fine of \$1,000.<sup>10</sup>

## **Replica motor vehicles**

(R.C. 4501.01, 4503.183, 4505.072, 4505.08, 4513.071, 4513.38, and 4513.41; Section 820.40)

The bill establishes requirements for registration, title, and use of replica motor vehicles. A “replica motor vehicle” is a motor vehicle that is constructed, assembled, or modified to replicate the make, model, and model year of a motor vehicle that is at least 25 years old. The bill authorizes specific exemptions related to motor vehicle registration and equipment requirements for replica motor vehicles. However, to take advantage of these exemptions, the replica motor vehicle must be titled as a replica motor vehicle and may not be used for general transportation. Replica motor vehicles that are not titled pursuant to the bill’s procedures are subject to general motor vehicle registration, titling, and equipment requirements.

### **Replica motor vehicle registration**

To register the replica motor vehicle, the owner must execute an affidavit that the replica motor vehicle will be used only for the following purposes:

1. Club activities, exhibitions, tours, parades, and similar uses; and
2. Travel to and from a location where maintenance is performed on the replica motor vehicle.

Additionally, the affidavit must declare that the State Highway Patrol inspected the replica motor vehicle and found it safe to operate on public roads and highways. In lieu of the regular registration taxes and fees, the owner must pay a one-time, \$10 license fee to the Registrar or deputy registrar for the registration of the replica vehicle, similar to the fee for historical vehicles. Proceeds of the fee must be deposited in the existing Public Safety – Highway Purposes Fund.

The owner of a replica motor vehicle must display a replica motor vehicle license plate in plain view on the rear of the vehicle. A replica motor vehicle license plate must display the inscription “Replica Vehicle – Ohio” and the registration number assigned to the replica vehicle. Unlike a historical vehicle, no vehicle date of manufacture is to be listed on a replica vehicle license plate. While a replica motor vehicle does not require annual registration, if the owner transfers the replica motor vehicle to a new owner, the new owner must re-register the replica motor vehicle through the same procedures.

### **Replica motor vehicle designation on certificate of title**

Under the bill, a person who wants the certificate of title to indicate that a motor vehicle is a replica motor vehicle must do the following:

1. Have the State Highway Patrol inspect the vehicle;
2. Obtain an inspection report from the Patrol;

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<sup>10</sup> R.C. 4503.106, not in the bill.

3. Obtain a signed written statement from a person or nonprofit corporation with expertise in historical motor vehicles that the motor vehicle reasonably replicates the motor vehicle that the owner intends to replicate; and

4. Sign and notarize the written statement.

If these conditions are met, and a motor vehicle owner requests that the certificate of title indicate that the motor vehicle is a replica motor vehicle, the common pleas court clerk must issue to the owner the requested certificate of title. If a motor vehicle is titled as a replica motor vehicle, any future owner of the motor vehicle must title it as a replica motor vehicle. The Registrar must ensure that this certificate of title:

1. Is in the same form as the original certificate of title;
2. Displays the word “REPLICA” in black boldface letters;
3. Includes the make, model, and model year of the motor vehicle the owner intends to replicate; and
4. Includes the year the replica motor vehicle was constructed, assembled, or modified.

The Registrar must develop an automated procedure within the automated title processing system for this process. The owner of a replica motor vehicle that is titled pursuant to these procedures must obtain replica motor vehicle license plates and comply with the general registration and operation limitations of a replica motor vehicle.

### **Equipment exemptions for replica motor vehicles**

The bill exempts replica motor vehicles, that are titled as such, from the following:

1. The general provision that motor vehicles must have stop lights (if the replica motor vehicle replicates a motor vehicle that was not originally manufactured with stop lights);
2. Emissions, noise control, and fuel usage provisions that were enacted or adopted after the year of manufacture that the vehicle replicates.

Additionally, the bill specifies that a person cannot be prohibited from owning or operating a replica motor vehicle that is equipped with an item that did not violate a motor equipment law that was in effect in the calendar year it replicates. Similarly, the person cannot be prohibited from owning or operating a replica motor vehicle that fails to comply with an equipment requirement that was adopted in a year subsequent to the year of manufacture of the vehicle that the replica motor vehicle replicates. For example, if a replica motor vehicle replicates a 1955 Ford Thunderbird, the owner of the replica motor vehicle does not need to comply with equipment requirements adopted after 1955.

### **Effective date**

The replica motor vehicle provisions within the bill take effect 180 days after the bill is enacted

## **E-Check programmatic changes**

(R.C. 3704.14, 4503.10, 4503.102, and 4503.103; Section 737.10)

### **Background**

E-Check is a motor vehicle testing program that operates in seven counties in Northeast Ohio that is designed to identify motor vehicles that emit excessive levels of pollutants into the air. In an E-Check county, only specific types of vehicles must undergo an emissions test. Motor vehicles subject to E-Check include all gasoline and diesel-fueled vehicles (including flexible fuel and hybrid vehicles) to which all of the following apply:

- The vehicle has a gross vehicle weight rating (GVWR) of 10,000 lbs. or less;
- The vehicle is between four and 25 years old (vehicles four years old or newer are exempt from E-Check); and
- The vehicle is registered in an E-Check county.

Vehicles that are permanently exempt from testing under the program include:

- Vehicles with a GVWR of more than 10,000 lbs.;
- Motorcycles, recreational vehicles, and mobile homes; and
- Historical and collector's vehicles.

Each motor vehicle that is registered in an E-Check county and that is subject to testing must be tested, with odd number model year vehicles tested in odd years and even-number model year vehicles tested in even years. When a motor vehicle subject to E-Check passes an emissions inspection, the owner or lessee (hereinafter, "owner") is issued an inspection certificate. To register a vehicle in a year when a motor vehicle is subject to E-Check, the owner must present a valid inspection certificate with an application for registration. If the vehicle does not pass the inspection, no inspection certificate is issued and repairs must be made to the vehicle so that the vehicle can pass the emissions test. However, the Environmental Protection Agency (EPA) may grant various extensions and exemptions to an owner, including a hardship exemption for "low income" individuals.<sup>11</sup>

### **Alternative emissions certificate (AEC) program**

The bill establishes an alternative, parallel system by which an owner of a motor vehicle may comply with the E-Check program without submitting to an E-Check emissions test. Under this system, the EPA Director must issue an alternative emissions certificate (AEC) in lieu of an inspection certificate. Thus, a motor vehicle owner may choose to obtain an inspection certificate under the existing E-Check system or obtain an AEC under the system established by the bill.

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<sup>11</sup> Ohio Administrative Code (O.A.C.) 3745-26-12.

### **Attestation form**

An owner who is required to register a motor vehicle in an E-Check county may obtain an AEC by completing and submitting an attestation form that reads as follows:

I, \_\_\_\_\_, attest that, to the best of my knowledge, the motor vehicle concerning which I am the owner . . . complies with all laws of Ohio and the United States governing motor vehicle emissions. I, \_\_\_\_\_, am aware that a false statement on this form is not permitted.

When submitting an attestation form to the Director, an owner must specify the relevant motor vehicle's identification number, make, model, and year. Before submitting the form, the owner must sign the form, either physically or by electronic means.

An owner may choose to submit the attestation form by regular mail, certified mail, or electronically. The owner also must specify how an AEC will be delivered to the owner after the Director approves the form – by certified mail, noncertified mail, or electronic delivery. The Director must deliver the owner's AEC within 30 business days after the Director receives the attestation form by mail or within five business days after electronic receipt. Moreover, if an attestation form is received electronically, the bill requires the Director to confirm receipt of the form.

### **Rejection of attestation form**

Under the bill, the EPA Director may reject an attestation form for any of the following reasons:

1. The motor vehicle that is the subject of the attestation form has substantial damage to the internal structure of the vehicle due to an accident or collision within the two years prior to submitting the attestation form.
2. The motor vehicle owner or lessee received a ticket or citation for excessive noises or gases emitted from a muffler within the two years prior to submitting the attestation form.
3. The attestation form contains information that the Director determines to be false.

If the Director rejects the attestation form as result of 1 or 2 above, the Director must require the owner of the motor vehicle to complete an emissions inspection and obtain an inspection certificate as is required under current law.

If the Director determines that the attestation form contains false information (3, above), the Director must notify the owner of the Director's determination. The notice must inform the owner that the owner may submit a corrected form within 30 days of the receipt of the notice. The notice must include a statement that reads substantially as follows:

You have falsified an attestation form for your vehicle under the E-Check/motor vehicle emissions testing program. Your vehicle is registered in one of [insert the number of counties] counties in this state that has federal emission mandates imposed on it that the State of Ohio is required, under threat of penalty, to enforce.

This letter serves as Ohio's only penalty for falsification of an attestation form. You have thirty days from the date of this notice to amend your attestation form and submit the amended form to the Environmental Protection Agency. However, if you choose not to submit an amended attestation form, you must have a motor vehicle emissions inspection conducted for your vehicle . . .

If the owner submits a corrected form, the Director must issue an AEC to the owner or lessee. If the owner or lessee fails to correct the form, the Director must require the owner or lessee to complete an emissions inspection and obtain an inspection certificate as is required under current law.

### **Registration of a motor vehicle with an AEC**

After obtaining an AEC, a person may use that certificate to register a motor vehicle. The Registrar is required to accept a properly issued AEC and to include the certificate's number in the permanent registration record of any vehicle required to be inspected under the E-Check program. When a person is required to renew a motor vehicle registration, an AEC must be resubmitted and the Registrar must prohibit renewal if an owner does not have the requisite certificate.

In the event that a person's registration and tags are impounded because of the person's failure to furnish an AEC under a multi-year registration, the Registrar can rescind that order for impoundment if a person presents to the Registrar a valid AEC. The Registrar also may rescind the order for impoundment if the Registrar receives a receipt from the Director stating that the owner has obtained an AEC. The bill further requires the Registrar to ensure that owners registering motor vehicles in E-Check counties receive information about the AEC process.

### **E-Check new car exemption**

The bill expands the new motor vehicle exemption under the E-Check program. As indicated above, current law exempts motor vehicles that are four years old or newer. The bill expands this exemption to motor vehicles that are six years old or newer. Additionally, the bill creates a new E-Check exemption for hybrid motor vehicles that are seven years old or newer. As distinguished from traditional motor vehicles, hybrid motor vehicles are propelled by a combustion engine while also utilizing a battery that is recharged by mechanisms within the vehicle that capture and store electricity.

### **"E-Check Ease Act"**

The portions of the bill related to the E-Check Program changes are officially named the "E-Check Ease Act."

## **Driver's licenses and state ID cards**

### **Voter registration with BMV transaction**

(R.C. 3503.11)

The bill modifies the procedures the BMV must use when offering a customer the opportunity to register to vote or update the customer's voter registration when the customer is

applying for or renewing an Ohio driver's license or state identification card (Ohio DL/ID). The National Voter Registration Act of 1993 requires the BMV to offer voter registration to those customers.<sup>12</sup>

The bill prohibits the Registrar or a deputy registrar from offering voter registration to a customer who, according to BMV records, is ineligible to register to vote. Typically, such a customer would be a non-U.S. citizen or a person who will not be 18 by the next general election. In other words, the bill requires the Registrar or deputy registrar to check the BMV database to confirm that a customer is eligible before offering voter registration to the customer as part of the transaction.

The BMV currently has each Ohio DL/ID holder's birthdate, Ohio residence address, and citizenship or immigration status in its database because proof of those elements is required to receive an Ohio DL/ID. As long as the customer renews an Ohio DL/ID within six months after it expires, the customer generally is not required to present those documents again. But, a non-U.S. citizen must present valid immigration documents with each renewal because a person must be lawfully present in the U.S. to receive an Ohio DL/ID. An Ohio DL/ID issued to a non-U.S. citizen in April 2023 or later has "noncitizen" printed on the back.<sup>13</sup>

Under continuing law, the Registrar and each deputy registrar also must make paper voter registration forms available to all customers. Any person who is not offered voter registration as part of an Ohio DL/ID transaction under the bill still may fill out a paper form and submit it to the Registrar or deputy registrar, who must send it to the board of elections within five days. Every voter registration form used in Ohio requires the applicant to provide the applicant's Ohio DL/ID number or the last four digits of the applicant's Social Security number and to affirm under penalty of election falsification that the applicant is eligible to vote.<sup>14</sup>

### **Repeal of enhanced driver's license and ID card program**

(R.C. 4506.01, 4506.11, 4507.01, 4507.061, 4507.13, and 4507.52; Repeal R.C. 4506.072, 4507.021, 4507.063, and 4507.511)

The bill repeals all provisions of law related to an enhanced commercial driver's license (CDL), enhanced driver's license, and enhanced state ID card. The repealed provisions include:

- A requirement that the DPS Director enter into a memorandum of understanding with the U.S. Department of Homeland Security for approval to issue the enhanced licenses and cards;
- A requirement that the Registrar adopt rules on the issuance of the enhanced licenses and cards to facilitate land and sea border crossings between the U.S. and Canada, Mexico, and the Caribbean; and

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<sup>12</sup> 52 U.S.C. 20504.

<sup>13</sup> R.C. 4506.11(A)(13), 4507.13(A)(2)(j), 4507.233, 4507.49(B), 4507.51, and 4507.52(A)(2); O.A.C. 4501:1-1-21 and 37.

<sup>14</sup> R.C. 3503.14, not in the bill; 52 U.S.C. 20504 and 20508.



- Application requirements for individuals interested in obtaining the enhanced licenses and cards.

The enhanced CDL, enhanced driver's license, and enhanced state ID card program were authorized through H.B. 23 of the 135<sup>th</sup> General Assembly. Several other border states already have agreements with the U.S. Department of Homeland Security for the enhanced licenses and ID cards. However, DPS has not been able to enter into the necessary agreements with the federal government or other countries that would be involved. Thus, the enhanced licenses and cards are not currently available for Ohio residents.<sup>15</sup>

### **Limited term license applicants**

(R.C. 4507.21 and 4508.02)

The bill requires an adult limited term license applicant, for first issuance of the license, to complete substantially the same driver's license training required for minor driver's license applicants. The training includes successful completion of the full driver training course (24 hours of classroom instruction and eight hours of behind-the-wheel instruction) and 50 hours of practice driving with an adult who holds a valid Ohio driver's license. The 50 hours of practice driving must include ten hours of night driving accompanied by the adult. The limited term license applicant must present evidence of having completed the driver's training and an affidavit signed by the licensed accompanying adult swearing to completion of the required practice hours as part of an initial license application.

A limited term license is the form of driver's license issued to temporary residents. A temporary resident is generally a person who is not a U.S. citizen or permanent resident under U.S. immigration laws but who does have legal presence in the country.<sup>16</sup> Under current law, a minor limited term license applicant must complete the standard requirements for minor driver's license applicants. However, an adult limited term license applicant is not required to complete the practice driving requirements and is required to take an abbreviated driver's training course only if the applicant fails the road or maneuverability test on the first attempt.

### **Portable signal preemption device**

(R.C. 4511.031)

The bill allows the authorized operator of a highway maintenance vehicle (a vehicle used for snow and ice removal that is owned by or operated on behalf of a political subdivision) to possess a portable signal preemption device. A portable signal preemption device is a device used to change a highway traffic signal from red to green out of sequence. The bill further allows the authorized operator of a highway maintenance vehicle to use the portable signal preemption device when responding to an emergency weather event. Thus, for example, a snowplow driver actively clearing snow and ice along a county road during a Snow Emergency on behalf of the

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<sup>15</sup> For more about the program, see the LSC [Final Analysis for H.B. 23](#), which is available on the General Assembly's website: [legislature.ohio.gov](http://legislature.ohio.gov).

<sup>16</sup> O.A.C. 4501:1-1-21 and 4501:1-1-35.

county will be able to change a red light to green in order to more quickly clear the snow and ice along that road.

Current law authorizes law enforcement and emergency responders to possess portable signal preemption devices and to use them only when responding to an emergency call.

## **Daily pre-trip school bus inspections**

(R.C. 4511.765)

The bill requires the Director of Education and Workforce, with the advice of the Director of Public Safety, to modify their rules relating to daily pre-trip school bus inspections. The modification must remove the daily check of all the following equipment before the school bus driver departs to pick up students for the day:

1. The turbo charger;
2. The alternator;
3. The belts;
4. The water pump;
5. The power steering pump;
6. The air pump;
7. Any part of the steering system;
8. Any part of the suspension;
9. Any part of the air brakes;
10. Any part of the brake equipment, including drums or rotors;
11. The springs and spring mounts; and
12. The air bags.

The bill specifies that while daily checks are eliminated, the State Highway Patrol must still check all the above equipment as part of their required annual school bus equipment safety inspections.

## **Adaptive mobility vehicle sales**

(R.C. 4501.01 and 4517.02)

The bill expands who may sell a used adaptive mobility vehicle. Under current law, a used adaptive mobility vehicle may only be sold by a licensed adaptive mobility dealer or a licensed new motor vehicle dealer. The bill expands the authorized sellers to include both a licensed used motor vehicle dealer and a leasing motor vehicle dealer. New adaptive mobility vehicles, however, may still only be sold by a licensed adaptive mobility dealer or that dealer's salesperson. An adaptive mobility vehicle is a passenger car or bus that has been designed, modified, or equipped to enable an individual with a disability to operate or to be transported in that vehicle and contains specified accessibility equipment.

## **Toll agreements with other states**

(R.C. 5501.441)

The bill allows the DPS Director to enter into agreements with a private toll collection facility in another state to enforce toll collections. A private toll collection facility is a person or business entity engaged in the collecting or charging of tolls on a toll bridge that was previously owned by a municipal corporation. Continuing law authorizes the Governor to enter into the same agreements, but only after consultation with the DPS Director.

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## **PUBLIC UTILITIES COMMISSION**

### **Positioning wayside detector systems**

- Creates separate spacing requirements for wayside detector system (WDS) installation based on the type of railroad carrier, as defined in federal regulation, as follows:
  - For a Class I Carrier railroad, the spacing requirement is not more than ten miles (the same as the distance in current law for all railroads);
  - For a Class II Carrier railroad, the spacing requirement is not more than 25 miles;
  - For a Class III Carrier railroad, the spacing requirement is not more than 35 miles.
- Allows, under certain circumstances, for each railroad carrier class to place the next adjacent WDS up to five miles outside the applicable WDS spacing requirement.
- Requires Class II and Class III Carriers, prior to deviation, to submit a written explanation to the Public Utilities Commission (PUCO) for the deviation.
- Exempts any railroad track owned or leased by a Class II or Class III Carrier that has a speed limit of ten miles per hour or less from the WDS spacing requirements.
- Requires PUCO, not later than December 31, 2028, to complete a review of train derailments in Ohio using certain statistics over the course of three years proceeding from the bill's effective date, a copy of which must be sent to the Governor, President of the Senate, Speaker of the House, and the Minority leaders of both Chambers.
- Recodifies other WDS provisions of current law.

### **Midwest Interstate Passenger Rail Compact**

- Adopts the Midwest Interstate Passenger Rail Compact, of which Ohio was a party state beginning in 2002 until its withdrawal in 2013.
- As part of the Compact, provides for the appointment of Ohio members to the Midwest Interstate Passenger Rail Commission (MIPRC), and enacts provisions governing MIPRC's powers and duties, which include advocating for the funding and authorization necessary to make passenger rail improvements a reality for the Midwest Region.

- Prescribes the appointing authorities for Ohio's four members on MIPRC, consistent with the Compact.
- As part of the Compact, specifies procedures for MIPRC financing and member state default, reinstatement, termination, and withdrawal.
- Specifies severability procedures and rules of construction for purposes of the Compact.

## **Positioning wayside detector systems**

(R.C. 4955.50 to 4955.57; Section 749.10)

### **Railroad carrier classifications**

The bill uses the following classifications from federal regulations to separate categories of railroad carrier based on operating revenue after applying a deflator formula provided in the regulations:

- Class I: carriers having an operating revenue of \$900 million or more;
- Class II: carriers having an operating revenue in excess of \$40.4 million but less than \$90 million;
- Class III: carriers having an operating revenue of \$40.4 million or less.<sup>17</sup>

### **Spacing requirements**

The bill creates separate spacing requirements for each railroad carrier class for the placement of each adjacent wayside detector system (WDS). Under the bill, any person responsible for WDS installation alongside, or on, a railroad must ensure that each WDS is the following distance from each adjacent WDS location:

- For a Class I Carrier railroad, the spacing requirement is not more than ten miles;
- For a Class II Carrier railroad, the spacing requirement is not more than 25 miles;
- For a Class III Carrier railroad, the spacing requirement is not more than 35 miles.

Under current law, the spacing requirement is not more than ten miles for all railroads, regardless of class.

### **Exemptions to WDS spacing requirements**

#### **Five-mile allowance**

The bill allows all railroad carrier classes to extend the spacing requirement described immediately above not more than five miles if the natural terrain or any other reason exists that does not allow for the placement of the next adjacent WDS to be within the required parameters.

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<sup>17</sup> 49 Code of Federal Regulations Part 1201 1-1.

Under current law, spacing could be extended not more than 15 miles (ten miles more than the bill provides).

The bill, however, requires Class II and Class III Carriers, prior to installing a WDS outside the applicable spacing requirements as described above, to submit a written explanation for the deviation to the Public Utilities Commission (PUCO).

### **Railroad tracks with low speed limit**

The bill exempts any railroad track owned or leased by a Class II or Class III Carrier that has a speed limit of ten miles per hour or less from the WDS spacing requirements.

### **Three-year review**

The bill requires PUCO, not later than December 31, 2028, to complete a review of train derailments in Ohio using statistics from the Federal Railroad Administration to identify derailments due to bearing or axle failure over the three years proceeding from the bill's effective date. PUCO must then send a copy of the review to the following:

- The Governor;
- The President of the Senate;
- The Speaker of the House of Representatives;
- The Minority Leaders of both the Senate and the House.

### **Recodification**

The bill recodifies two provisions of current law (one regarding receiving messages from a WDS and the other regarding ODOT and PUCO ensuring the WDS spacing requirements and the WDS messaging provisions are being complied with) without making any substantive changes.

## **Midwest Interstate Passenger Rail Compact**

(R.C. 4981.36 and 4981.361; Section 203.21)

The bill ratifies the Midwest Interstate Passenger Rail Compact, of which Ohio was a party state beginning in 2002 until its withdrawal in 2013. The Compact is a multi-state agreement that allows joint or cooperative action to do all of the following:

1. Promote development and implementation of improvements to intercity passenger rail service in the Midwest;
2. Coordinate interaction among Midwestern state elected officials and their designees on passenger rail issues;
3. Promote development and implementation of long-range plans for high-speed rail passenger service in the Midwest and among other U.S. regions;
4. Work with the public and private sectors at the federal, state, and local levels to ensure coordination among the various entities having an interest in passenger rail service and to promote Midwestern interests regarding passenger rail; and

5. Support efforts of transportation agencies involved in developing and implementing passenger rail service in the Midwest.

## **Background and Compact formation and withdrawal**

The Compact was formed in 2000 when the first three states codified the Compact into their respective laws. Ohio initially ratified the Compact in 2002 and appointed members to serve on the Midwest Interstate Passenger Rail Commission (MIPRC). However, Ohio repealed the Compact's ratification in 2013 and is no longer a member state. In order for a state, such as Ohio, to withdraw from the Compact, the state must enact a statute repealing the Compact's codification. The withdrawal takes place one year after the effective date of the repeal. A withdrawing state is liable for any obligations which it may have incurred prior to the effective date of the withdrawal.

Current MIPRC members are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, North Dakota, and Wisconsin. In addition to Ohio, Iowa, Nebraska, and South Dakota are eligible to join the Compact via ratification. A state formally joins the Compact when its legislature codifies the Compact. Any amendments to the Compact are effective when they are enacted by the legislatures of all member states.

## **MIPRC**

### **Membership**

Pursuant to the Compact, Ohio will appoint new members to MIPRC. MIPRC consists of four resident members (also known as "Commissioners") of each state as follows:

- The Governor or the Governor's designee, who serves during the Governor's tenure or until a successor is named;
- One member of the private sector who is appointed by the Governor and serves during the Governor's tenure or until a successor is named;
- Two legislators, one from each chamber (or two legislators from any unicameral legislature), who serve two-year terms or until successors are appointed. These members are appointed by the appropriate appointing authority in each legislative chamber.

Under the Compact, MIPRC member appointments, terms of office, provisions for removal and suspension, and the manner of appointment to fill vacancies are determined by each member state pursuant to its laws. MIPRC members serve without compensation from MIPRC. Any member appointed to fill a vacancy serves until the end of the incomplete term. Each member state has equal voting privileges, as determined by MIPRC bylaws.

Accordingly, the bill requires the Governor to appoint two members to MIPRC. It also requires the Speaker of the House and the Senate President to each appoint one member from their respective chambers. However, those two legislative appointees cannot be from the same political party. The bill specifies that serving as a MIPRC member does not constitute holding public office or position of employment under Ohio law and does not constitute grounds for removal of public officers or employees from their offices or positions of employment.

Each appointing authority may remove a member for misfeasance, malfeasance, or willful neglect of duty. While members serve without compensation, they may be reimbursed for the reasonable expenses incurred by them in the discharge of their MIPRC duties.

### ***Officers***

The Compact requires MIPRC to annually elect a Chairperson, Vice-Chairperson (who must be from a different state than the Chairperson), and others as approved in the MIPRC bylaws. Officers perform functions and exercise the powers as are specified in the bylaws.

### ***Meetings***

Under the Compact, MIPRC must meet at least once in each calendar year and at any other time determined by MIPRC. MIPRC business must be conducted in accordance with the procedures and voting rights specified in the bylaws.

### **Duties and powers**

The Compact specifies that MIPRC's duties (requirements) and powers (authorizations) are as follows:

#### **Duties**

- Advocate for the funding and authorization necessary to make passenger rail improvements a reality for the Midwest Region;
- Identify and seek to develop ways that states can form partnerships, including with rail industry and labor, to implement improved passenger rail in the region;
- Seek development of a long-term, interstate plan for high-speed rail passenger service implementation;
- Cooperate with other agencies, regions, and entities to ensure that the Midwest is adequately represented and integrated into national plans for passenger rail development;
- Adopt bylaws governing the activities and procedures of MIPRC and addressing, among other subjects: the powers and duties of officers, the voting rights of MIPRC members, voting procedures, MIPRC business, and any other purposes necessary to fulfill its duties;
- Expend funds as required to carry out MIPRC's powers and duties; and
- Report on MIPRC activities to the legislatures and Governor of the member states on an annual basis.

#### **Additional Powers**

- Provide multistate advocacy necessary to implement passenger rail systems or plans, as approved by MIPRC;
- Work with local elected officials, economic development planning organizations, and similar entities to raise the visibility of passenger rail service benefits and needs;

- Educate other state officials, federal agencies, other elected officials and the public on the advantages of passenger rail as an integral part of an intermodal transportation system in the region;
- Work with federal agency officials and members of Congress to ensure the funding and authorization necessary to develop a long-term, interstate plan for high-speed rail passenger service implementation;
- Make recommendations to members' states;
- If requested by each state participating in a particular project and under the terms of a formal agreement approved by the participating states and MIPRC, implement or provide oversight for specific rail projects;
- Establish an office and hire staff as necessary;
- Contract for or provide services;
- Assess dues, in accordance with the terms of the Compact;
- Conduct research; and
- Establish committees.

### **MIPRC financing**

The Compact specifies that member states must appropriate money to MIPRC as necessary to finance its general operations in carrying forth its duties, responsibilities, and powers. Each member state must contribute an equal portion for MIPRC's operation, but the Compact does not require a member state to participate in financing a rail project unless provided by that state's law.

MIPRC may accept donations, gifts, grants, appropriated money, equipment, supplies, materials, and services, for any of its purposes and functions, from any of the following:

- The federal government;
- Any member state, including any member state department, agency, or municipality; and
- An institution, person, firm, or corporation.

All expenses incurred by MIPRC in executing its duties must be paid by MIPRC out of the funds available to it. However, MIPRC cannot issue any debt instrument. MIPRC must submit to the officer designated by the laws of each member state, periodically as required by the laws of each member state, a budget of its actual past and estimated future expenditures.

### **Other Compact terms**

#### **Default, termination, and reinstatement**

The Compact specifies that if any member state defaults in the performance of any of its obligations, assumed or imposed, all rights, privileges, and benefits conferred by the Compact or agreements pursuant to it are suspended from the effective date of the default as fixed by MIPRC.



MIPRC must stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status.

If the member state does not remedy their default under the stipulations and within the time period set forth by MIPRC, an affirmative vote of a majority of the other MIPRC members may terminate the defaulting state's participation in the Compact and Commission. However, the defaulting state may be reinstated if MIPRC votes to do so and the state performs all acts and obligations as stipulated by MIPRC.

### **Construction and severability**

The Compact is severable and if any phrase, clause, sentence, or provision of it is declared to be contrary to any member state's constitution or the U.S. Constitution, or if a court finds a provision to be invalid, the validity of the remainder of the Compact and the applicability is not affected. If the Compact is held contrary to a member state's constitution, the Compact remains in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of the Compact are to be liberally construed to effectuate its purposes.

### **Appropriation**

The bill earmarks \$25,000 in both FY 2026 and FY 2027 from Fund 7002 (ALI 771441, Planning and Research – State) in ODOT's budget to pay the costs associated with Ohio joining the Compact.

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## **DEPARTMENT OF NATURAL RESOURCES**

### **Watercraft or outboard motor notary requirements**

- Removes notary requirements for a variety of watercraft or outboard motor title documents when a registered watercraft dealer is a party to the transfer of that watercraft or outboard motor.
- Removes the requirements that a power of attorney (POA) be notarized when a person grants a registered watercraft dealer, or the dealer's agent, a limited POA related to the transfer of a watercraft or outboard motor title.

### **Watercraft or outboard motor notary requirements**

(R.C. 1548.061 and 1548.062)

Generally, under current law, many of the documents related to the transfer of a watercraft or outboard motor between two parties must be notarized. This is particularly true for the transfer of a watercraft or outboard motor between two parties in the course of a casual sale. The notarization requirements are less clear when a registered watercraft dealer is one of the parties to the transfer.

The bill expressly removes the notary requirements when a registered watercraft dealer is a party to the transfer of a watercraft or outboard motor (i.e., either the buyer or the seller) for all of the following documents:

1. The watercraft or outboard motor certificate of title;
2. An application for a watercraft or outboard motor certificate of title;
3. Assignment of ownership for a watercraft or outboard motor;
4. Power of attorney (POA) to title a watercraft or outboard motor; and
5. Any other document required by the clerk of courts for the titling of a watercraft or outboard motor.

Notwithstanding the bill's changes to current notarization requirements, a clerk of courts may request a notarized affidavit to make corrections to any of the documents listed above, if necessary. In addition to these documents not requiring notarization, the documents also may be signed electronically.

As a service to customers, a registered watercraft dealer may file the certificate of title documents with the clerk of courts. However, in order to do so, the customer must give the dealer a limited POA, signed before a notary, to manage any transfer of title and the associated documents and applications. The bill removes the notary from the process, similar to the other notary changes above. Instead, a person may grant the dealer, employee, or agent a limited POA to make an assignment of a certificate of title and to complete an application for a certificate of title without anyone signing or verifying the signature before a notary.

The bill's changes for registered watercraft dealers and removal of notary requirements are consistent with current law for licensed motor vehicle dealers in managing the documents surrounding a motor vehicle certificate of title.<sup>18</sup>

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## **DEPARTMENT OF TAXATION**

### **Motor fuel tax allowances and refunds**

- Continues the 1% fuel dealer and 0.5% retailer shrinkage allowances in effect biennially since 2008, superseding the 3% and 1% allowances in permanent codified law.

### **Petroleum activity tax revenue**

- Reallocates petroleum activity tax collections derived from the sale of aircraft fuel from the GRF to fund the Airport Improvement Program.

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<sup>18</sup> R.C. 4505.063 and 4505.071, not in the bill.

## Motor fuel tax allowances and refunds

(Section 757.20)

Since FY 2008, each motor fuel dealer that properly files and pays monthly motor fuel excise taxes may deduct from the payment the tax otherwise due on 1% of the fuel the dealer received, minus 0.5% of the fuel sold to retail dealers.<sup>19</sup> This allowance is to cover the costs of filing the report and to compensate for evaporation, shrinkage, and other “unaccounted for” losses. Under permanent codified law, however, the percentages are 3% and 1%, respectively.<sup>20</sup> But each of the last nine transportation appropriation acts reduced the 3% discount to 1% (minus 0.5% of fuel sold to retail dealers). The bill continues the allowance at the reduced 1% level throughout the FY 2026-2027 biennium.

Retail fuel dealers who have purchased fuel on which the excise tax has been paid may receive a refund to account for evaporation and shrinkage.<sup>21</sup> In permanent codified law, the refund equals 1% of the taxes paid on the fuel each semiannual period. But, as with the dealer shrinkage allowance, the retailer refund has been reduced to 0.5% for each fiscal year from 2008 through 2025 by uncodified provisions in the last nine transportation appropriation acts. The bill continues the reduced percentage at this level through the FY 2026-FY 2027 biennium.

## Petroleum activity tax revenue

(R.C. 5736.02, 5736.04, and 5736.13)

The bill reallocates a share of the petroleum activity tax (PAT) to fund the Airport Improvement Program. The PAT is a 0.65% tax levied on the calculated gross receipts from the sale of motor fuel, including motor fuel used to power aircraft. The bill reallocates the share of the PAT attributable to aircraft fuel to fund the Airport Improvement Program, less 1% of that amount to fund TAX’s administrative expenses. Under current law, this revenue is generally credited to the GRF. To enable this transfer, the bill requires PAT taxpayers to report the share of their gross receipts derived from the sale of aircraft fuel.

## HISTORY

Action	Date
Introduced	02-04-25
Reported, H. Finance	02-25-25
Passed House (97-0)	02-26-25

ANHB0054PH-136/ts

<sup>19</sup> Section 757.20 of H.B. 23 of the 135<sup>th</sup> General Assembly.

<sup>20</sup> R.C. 5735.06(B)(1)(c), not in the bill.

<sup>21</sup> R.C. 5735.141, not in the bill.