
DEPARTMENT OF PUBLIC SAFETY

Motor vehicle registration and title

Additional motor vehicle registration and renewal fees

- Beginning January 1, 2026, increases the additional annual motor vehicle registration and renewal fees from \$11 to \$16 for noncommercial vehicles and from \$30 to \$35 for nonapportioned commercial vehicles.

Disabled veterans: registration transfer fee exemption

- Exempts a disabled veteran from the \$1 transfer fee that generally applies when a person transfers the registration and license plate from one vehicle to another if the license plate is:
 - A license plate honoring military service or a military award; or
 - A disabled veteran license plate.

Registration fees for veterans with unemployability status

- Expands which disabled veterans are exempt from paying motor vehicle registration and service fees by providing for exempt status for a veteran who has a service-connected disability that is compensated at 100% by the U.S. Veterans Administration in the same manner as if the veteran has a disability rating of 100%.

Deputy registrar/BMV service fee

- Increases from \$5 to \$8 the service fee charged by the Bureau of Motor Vehicles (BMV) and deputy registrars.
- Requires the Registrar of Motor Vehicles to modify the prorated multi-year registration service fee to account for the increase.
- Allocates the increased portion of the service fee retained by the Registrar to be used exclusively for the State Highway Patrol.

BMV electronic and online transactions

- Authorizes the Registrar and a deputy registrar to accept electronically:
 - Documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
 - Documents approved by the Registrar for electronic or online submission and acceptance.
- Authorizes a person to apply for an initial motor vehicle registration and a transfer of motor vehicle registration through the online system established by the Registrar, similar to registration renewals under current law.
- Requires the Registrar or deputy registrar to verify and authenticate any associated documents submitted electronically with those registrations.

- Allocates the service fee and postage costs for those online and electronic submissions.

Vehicle registration by telephone

- Eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone.

Ohio Natural Energy Foundation license plate

- With respect to the Ohio Natural Energy Foundation license plate, allows the Registrar to pay contributions collected for payment to the now defunct Ohio Oil and Gas Energy Education Foundation and the Ohio Natural Energy Institute to the Ohio Natural Energy Foundation, which currently receives contributions for the license plate.

National Council of Negro Women license plate

- Regarding the contributions for the National Council of Negro Women license plate, which under current law are required to be paid to the National Council of Negro Women, Incorporated, requires the Registrar instead to pay the contributions to the Ohio State Coalition-National Council of Negro Women, Incorporated.

Certificate of title application

- Allows an applicant for a motor vehicle certificate of title to use the last four digits of the applicant's Social Security number on the title application if the application is for either of the following:
 - A salvage certificate for an owner-retained vehicle; or
 - A transfer of title to an insurance company or a nonprofit corporation.

Certificate of title optional fee increase

- Authorizes a board of county commissioners to raise from \$15 to \$20 the general certificate of title fee required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles for certificates of title issued in that county.
- Allocates the \$5 increase to the clerk of a court of common pleas who issues the certificate of title.

Automated Title Processing Board membership

- Adds the President of the Ohio Automobile Dealers Association, or the President's representative, and an additional clerk of court of the common pleas to the Automated Title Processing Board.

Commercial motor vehicle laws

Drug and Alcohol Clearinghouse notifications

- Updates Ohio commercial motor vehicle laws to reflect federal requirements related to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications to the Registrar, as follows:

- Prohibits a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL) holder from operating a commercial motor vehicle if the holder has violated certain alcohol or controlled substances prohibitions;
- Prohibits the Registrar from issuing, renewing, or upgrading a CLP or CDL if the Registrar receives notice from DAC of that alcohol or controlled substance violation;
- Establishes procedures for the Registrar to downgrade or reinstate, as necessary, a CLP or CDL based on notices from DAC.

Limited term commercial driver's license

- Modifies the law governing a CDL issued to a temporary resident to do all of the following:
 - Exclude the license as a form of photo identification for purposes of voting;
 - Make it consistent with the federal REAL ID Act and state law for the issuance of a standard limited term license;
 - Clarify that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;
 - Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and
 - Specifies that the renewal may not take place through the BMV's online service, but must be conducted in person at a deputy registrar agency.

Hazardous materials endorsement

- Authorizes issuance of a hazardous materials endorsement for a CDL driver who is 18 to 20 years old, provided:
 - The driver only transports hazardous materials within Ohio; and
 - The driver meets all other federal and state requirements for the endorsement.

Driver's license and state identification card laws

Medically restricted driver's license

- Eliminates the six-month validity period for a medically restricted driver's license and instead requires the Registrar to determine the validity period.

Ohio credential reprints

- Allows a person to obtain from the BMV up to two reprints of an Ohio credential (e.g., driver's license, CDL, identification card) between initial issuance and renewal of the credential or between renewals.

Proof of financial responsibility

Request for administrative hearing

- Extends, from 10 to 15 days, the time by which a person may request an administrative hearing after a driver's license suspension order is issued by the Registrar for failure to have proof of financial responsibility (i.e., motor vehicle insurance).

Uninsured driver report

- Expands who may report a driver or owner of a motor vehicle involved in an accident to the BMV for failure to maintain proof of financial responsibility to include any person involved in the accident, as opposed to only the drivers of the vehicles involved in the accident.

Move Over Law

- Prohibits failing to change lanes or proceeding with caution around a stationary vehicle that is in distress.

Motor vehicle sales laws

Retail installment contracts

- Authorizes an alternative schedule of installment payments for a retail installment contract that arises out of a consumer transaction that may be used in lieu of the existing schedule, which is required to consist of substantially equal payments.
- Specifies that, under the alternative schedule, the scheduled installments may vary, but an individual installment payment cannot be greater than 50% of any other installment payment.

Trailers

- Excludes trailers from the Motor Vehicle Dealers Law, except fifth wheel trailers, park trailers, travel trailers, tent-type fold-out camping trailers, or semitrailers.

Warranty/recall compensation and indemnity for franchisees

- Requires a motor vehicle franchisor to compensate its motor vehicle franchisees for the parts and labor related to diagnosing warranty and recall obligations.
- Modifies the time frame from which additional documentation related to the rate for specified repair orders must originate.
- Requires a franchisor to compensate a franchisee for all of the following:
 - A part or a component provided at a reduced cost in addition to those provided at no cost;
 - Costs related to certain rental vehicles, even if the rental vehicle does not match the line-make, size, or category of vehicle that was originally promised to the customer;

- At least 1.25% of the average trade-in cost of a used motor vehicle that is the subject of a stop-sale or do-not-drive order when the parts and remedy required to make the necessary repairs take more than 30 days to be provided.
- Exempts recreational vehicle franchisors and franchisees from all of the above provisions.
- Indemnifies a franchisee when a franchisor designates motor vehicle features or equipment as optional.

Classic motor vehicle auction exemption

- Creates a temporary exemption (until August 1, 2026) from the Motor Vehicle Sales Law relating to auctions for a person who auctions classic motor vehicles at an auction that meets certain parameters.

Nuclear power plant security

- Excludes certain security personnel and contractors at a commercial nuclear power plant from the continuing law licensure requirement to engage in the business of security services.

Motor vehicle registration and title

Additional motor vehicle registration and renewal fees

(R.C. 4503.10; Section 373.40)

The bill increases the additional annual motor vehicle registration and renewal fees beginning on January 1, 2026, as follows:

1. From \$11 to \$16 for noncommercial vehicles; and
2. From \$30 to \$35 for nonapportioned commercial vehicles, which are generally intrastate commercial motor vehicles not subject to international registration plan (IRP) requirements.

Under current law, a motor vehicle owner must pay several different fees at the time of registration. The fees listed above involve one component of the overall cost of registering a motor vehicle, and are used to defray the Department of Public Safety's (DPS) costs associated with the administration and enforcement of Ohio Motor Vehicle and Traffic Laws. This increase is expressly allocated for use by the Ohio State Highway Patrol.

Disabled veterans: registration transfer fee exemption

(R.C. 4503.29 and 4503.41)

The bill exempts a disabled veteran from the \$1 transfer fee that generally applies when a person transfers the registration and license plate from one vehicle to another if the license plate is either a license plate honoring military service or a military award or the "Disabled Veteran" license plate.

Under current law, a disabled veteran with a service-connected disability rated at 100% by the federal Veterans' Administration may register the veteran's personal vehicle and obtain a "Disabled Veteran" license plate. Further, the disabled veteran may register their vehicle and obtain specified license plates honoring military service or military awards. In both instances, the disabled veteran is exempt from all fees associated with vehicle registration and license plates, except the transfer fee referenced above.¹⁵⁴

Registration fees for veterans with unemployability status

(R.C. 4503.41)

The bill expands which disabled veterans are exempt from paying motor vehicle registration and service fees. Under current law, a veteran with a disability rating of 100% is exempt. However, in some instances, a veteran may not have a disability rating of 100%, yet, because of that veteran's condition, the veteran is compensated at 100%. The bill extends the existing exemption to a disabled veteran with a disability that is compensated at 100%.

Deputy registrar/BMV service fee

(R.C. 4503.038)

The bill increases from \$5 to \$8 the service fee charged by the Bureau of Motor Vehicles (BMV) and deputy registrars. The service fee applies to most BMV-related transactions (e.g., driver's licenses, state identification cards, motor vehicle registrations, motor vehicle inspections, etc.). Relatedly, the Registrar of Motor Vehicles must modify the prorated multi-year registration service fee to account for the increase. If the service fee is collected by a deputy registrar for the subject transaction, the increased amount is retained by that deputy registrar. If the service fee is collected by the Registrar, any portion of the increased amount that is not allocated to the deputy registrars must be deposited into the existing Public Safety – Highway Purposes Fund. That increase must be used exclusively towards funding the Ohio State Highway Patrol. Additionally, since the service fee is established in statute, the bill removes references to the Registrar adopting rules related to the service fees.

BMV electronic and online transactions

(R.C. 4501.027 and 4503.102)

Under current law, the Registrar may conduct, or allow a deputy registrar to conduct, any service or transaction provided by the BMV in an electronic or an online format rather than in person. Initially, BMV's online services involved motor vehicle registration renewals. In recent years, the online services have expanded to include taking the driver's knowledge tests, updating a residential or mailing address, scheduling driving skills tests, and renewing a driver's license or identification card.

The bill further expands the BMV's options for electronic and online transactions by authorizing the Registrar and deputy registrars to accept electronically both:

¹⁵⁴ R.C. 4503.12, not in the bill.

- The documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
- The documents approved by the Registrar for electronic or online submission and acceptance.

The expansion allows certain services and transactions that require document authentication (e.g., initial motor vehicle registration) to be conducted online or electronically.

Online initial and transfer of motor vehicle registration

Relatedly, the bill authorizes a person to apply for an initial motor vehicle registration or a transfer of a motor vehicle registration through the BMV's online system. As stated above, a person may use the online system for motor vehicle registration renewal, but under current law, initial and transfer registrations must be conducted in person at a deputy registrar agency. The initial and transfer registrations transactions typically involve additional document verifications (e.g., checks of a certificate of title or memorandum of title) that have made it necessary for the transaction to occur in person. However, with the authorization for electronic and online submission of documents, the transactions can also occur through the BMV online system.

The bill requires the Registrar or a deputy registrar to verify and authenticate the associated documents for the initial or transfer registration that are submitted electronically. An applicant who uses the online system will still need to pay the regular costs and fees, including the service fee, postage costs, and any financial transaction device surcharges (i.e., credit card fees). Accordingly, the bill allocates the service fee to the existing Public Safety – Highway Purposes Fund (used for BMV administration of motor vehicle laws) and allocates the postage costs to whoever mails the certificate of registration and any associated license plates to the applicant.

Vehicle registration by phone

(R.C. 4503.102)

The bill eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone. The bill retains the requirement that motor vehicle registrations may be renewed by mail or electronic means.

Ohio Natural Energy Foundation license plate

(R.C. 4501.21)

Under current law, the Registrar must pay all contributions for the Ohio Natural Energy Foundation license plate to the Ohio Natural Energy Foundation. Under prior law, those contributions were paid to the Ohio Oil and Gas Energy Education Foundation and the Ohio Natural Energy Institute. Both of those organizations are now defunct. The bill allows the contributions collected by the Registrar for payment to those former organizations that were not distributed to be paid instead to the Ohio Natural Energy Foundation.

National Council of Negro Women license plate

(R.C. 4501.21 and 4503.579)

The bill changes the organization that receives the contributions for the National Council of Negro Women license plate. Under current law those contributions are required to be paid to the National Council of Negro Women, Incorporated. The bill requires the Registrar instead to pay the contributions to the Ohio State Coalition-National Council of Negro Women, Incorporated.

Motor vehicle certificate of title application

(R.C. 4505.07)

The bill allows the applicant for a motor vehicle certificate of title to use the last four digits of the applicant's Social Security number on the title application if the application is for:

1. A salvage certificate for an owner-retained vehicle; or
2. A transfer of title to an insurance company or a nonprofit corporation.

Current law requires the application for a certificate of title, memorandum certificate of title, or salvage certificate of title to include a space for the applicant's full Social Security number or employer's identification number.

Certificate of title optional fee increase

(R.C. 4505.09 and 4519.59)

The bill allows a board of county commissioners, by resolution, to increase the general certificate of title fee from \$15 to \$20 for certificates of title issued in that county. The \$5 increase is allocated to the clerk of a court common pleas who issues the certificate of title. The general certificate of title fee is required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles when the clerk issues the title. The base \$15 fee is allocated by statute in specific amounts to the issuing clerk and various state funds.

Commercial motor vehicle laws

Drug and Alcohol Clearinghouse notifications

(R.C. 4506.01, 4506.05, 4506.07, and 4506.13)

The bill updates the Ohio Commercial Motor Vehicle Laws to reflect recent changes to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications that are sent to the Registrar. Specifically, effective as of November 18, 2024, states must request information from DAC about individuals applying for, renewing, or attempting to upgrade a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL). If in response to the request, DAC notifies the Registrar that the applicant is prohibited from operating a commercial motor vehicle because of a violation of certain alcohol

or controlled substances prohibitions, the Registrar is prohibited from issuing, renewing, or upgrading that CLP or CDL.¹⁵⁵

Under current federal law and under the bill, a CLP or CDL holder is prohibited from operating a commercial motor vehicle if the holder has violated the federal alcohol or controlled substance prohibitions. The prohibitions relate to using alcohol or prohibited controlled substances before reporting for work, during work, or for a specified time after a motor vehicle accident. Work encompasses both the active driving of a commercial motor vehicle or performing safety-sensitive functions (e.g., inspecting equipment, waiting to be dispatched, loading or unloading a vehicle, or repairing a vehicle).¹⁵⁶

In addition to the active checks at issuance, renewal, and upgrade, if the Registrar receives a notification from DAC that a current CLP or CDL holder has violated the alcohol and controlled substances prohibitions, the Registrar must take steps to downgrade the holder's CLP or CDL within 60 days of the notice. The bill establishes those downgrade procedures.

Specifically, the Registrar must initiate downgrade procedures within ten calendar days after receiving the notice from DAC. The Registrar must notify the subject CLP or CDL holder that the holder's permit or license will be downgraded if that holder does not resolve the prohibition within 30 days. Resolution of the prohibition involves following federal procedures with a Substance Abuse Professional for evaluation, referral, and education/treatment.¹⁵⁷ If the holder does not resolve the prohibition, the Registrar must:

- Downgrade the CLP or CDL, meaning that while the person may operate a standard motor vehicle, the person is prohibited from operating a commercial motor vehicle;
- Send a second notice to the holder informing the holder of the downgrade and that the holder must take the steps necessary to reinstate the commercial driving privileges; and
- Record the downgrade on the person's Commercial Driver's License Information System (CDLIS) driver record.

Similar to the downgrade procedures, the bill also establishes reinstatement procedures that apply when DAC informs the Registrar that a CLP or CDL holder is no longer prohibited from operating a commercial motor vehicle. Specifically:

- If the Registrar receives the notice before the holder's permit or license has been downgraded, the Registrar must terminate the downgrade process and notify the holder of the termination;
- If the Registrar receives the notice after the downgrade, the Registrar must reinstate the CLP or CDL, provided the person is otherwise eligible for reinstatement and commercial driving privileges;

¹⁵⁵ 49 C.F.R. 383.73

¹⁵⁶ 49 C.F.R. 382, subpart B.

¹⁵⁷ 49 C.F.R. 40, subpart O, as referenced in 49 C.F.R. 382.503.

- If the Registrar receives notice that the holder was erroneously identified by DAC, in addition to reinstating the permit or license, the Registrar must remove any record of the downgrade from the person's CDLIS driver record and motor vehicle driving record.

Limited term commercial driver's license

(R.C. 3501.01, 4506.14, 4507.061, and 4507.09)

The bill modifies the law governing a CDL issued to a temporary resident to make it consistent with current law governing the standard limited term license and limited term identification card issued to temporary residents. Temporary residents generally are persons who are not U.S. citizens or permanent residents but *have legal presence* to reside in the U.S. under federal immigration laws. The changes ensure that these CDLs conform to the federal REAL ID Act.¹⁵⁸ Consistent with that Act and current state law for the limited term license, the bill does the following:

1. Renames the "nonrenewable commercial driver's license" to a "limited term commercial driver's license";
2. Excludes the limited term CDL as a form of photo identification for purposes of voting;
3. Clarifies that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;
4. Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and
5. Requires the renewal of the limited term CDL to be conducted in person at a deputy registrar agency, rather than through the BMV's online service.

Hazardous materials endorsement

(R.C. 4506.131)

The bill authorizes the Registrar to issue, renew, upgrade, or transfer a hazardous materials endorsement for a CDL to an individual who is under 21 if both of the following apply:

- The individual uses the endorsement for purposes of intrastate commerce of hazardous materials only; and
- The individual meets all other federal and state requirements for issuance of the endorsement.

Federal law generally prohibits a CDL holder who is under 21 from driving a commercial motor vehicle in interstate commerce (i.e., between states). However, CDL holders who are 18 to 20 may drive a commercial motor vehicle in intrastate commerce (i.e., only in Ohio). Nothing in federal law or codified state law prohibits the issuance of a hazardous materials endorsement

¹⁵⁸ "Real ID Act," 49 U.S.C. 30301, *et seq.*, 6 C.F.R. Part 37.

to CDL drivers between 18 and 20.¹⁵⁹ While most hazardous materials transport occurs across state lines, some hazardous materials transport occurs exclusively within Ohio. The authorization enables younger CDL drivers to expressly obtain the endorsement to engage in that transport.

Driver's license laws

Medically restricted driver's license

(R.C. 4507.08)

The bill eliminates the six-month validity period for a medically restricted temporary instruction permit or driver's license. Instead, it specifies that the Registrar must determine the validity period of that license. The Registrar may issue a restricted license to a person who is subject to any condition that causes episodic impairment of consciousness or loss of muscular control if that person presents a statement from a licensed physician that the person's condition is dormant or under effective medical control.

Ohio credential reprints

(R.C. 4507.40)

The bill allows a person to obtain from the BMV up to two reprints of an Ohio credential between initial issuance and renewal or between renewals. Current law limits individuals to one reprint during those time periods. Reprinted credentials are generally issued when a credential is lost, destroyed, or mutilated.

Under current law, "Ohio credential" is a temporary instruction permit identification card, driver's license, CDL, motorcycle operator's license, motorized bicycle license, or state identification card issued by the BMV.

Proof of financial responsibility

Request for administrative hearing

(R.C. 4509.101)

Under current law, when the Registrar imposes a driver's license suspension on a person for failure to have proof of financial responsibility, the Registrar is not required to hold a hearing on the suspension in advance of its imposition. However, a person adversely affected by the Registrar's order may request an administrative hearing regarding the suspension. The person must make the request within ten days after the order is issued. The bill extends that time to 15 days to make the timeline consistent with other instances in which a person may request an administrative hearing based on the Registrar's orders.

¹⁵⁹ The PUCO through rule currently prohibits a CDL driver under 21 from transporting hazardous materials (O.A.C. 4901:2-5-05). However, the statute requiring the adoption of rules related to hazardous materials transport does not require a specific age for the CDL drivers transporting those materials (R.C. 4923.04, not in the bill).

Uninsured driver report

(R.C. 4509.06 and 4509.07)

The bill expands who may report a driver or owner of a motor vehicle involved in an accident to the BMV for failure to maintain proof of financial responsibility (i.e., auto insurance). Under current law, the driver of any motor vehicle that is involved in the accident may make a written report on the BMV's established form within six months of the accident alleging that another driver or owner involved in that accident was uninsured at the time of the accident. The Registrar is then required to investigate and notify the subject driver and owner that the person must provide the requisite proof and that it was effective on the accident date. If the driver or owner cannot supply the proof, the driver or owner will be subject to the related penalties for not having proof of financial responsibility.

The bill allows any person who is in any manner involved in the accident, including a property owner or person sustaining bodily injury or property damage, in addition to the other drivers to make the report. Thus, if an uninsured driver crashes into a building, rather than into another vehicle, the building owner or an injured passenger from the vehicle can report that driver to the BMV.

Move Over Law

(R.C. 4511.213)

Current law requires drivers, under certain circumstances, to "move over" to the adjacent lane or to slow down and proceed with caution in the same lane (when moving over is not possible because of the road, weather, or traffic). Specifically, drivers must slow down or provide extra space around public safety vehicles, emergency vehicles, certain utility vehicles, certain weight-enforcement vehicles, waste collection vehicles, and highway maintenance vehicles when those vehicles are stationary and displaying flashing, oscillating, or rotating lights.

The bill requires drivers to similarly slow down or move over for stationary vehicles that are in distress (e.g., a vehicle with a flat tire). A vehicle is in distress when the operator indicates the condition through specified means, including a lit fusee, flares, red lights, red reflectors, red flags, emergency signs, or flashing emergency/hazard lights.

Penalty

The penalty for violating the Move Over Law with respect to a vehicle in distress is a minor misdemeanor. However, the offense does not constitute a criminal record and need not be reported by the offender in response to any inquiries contained in any application for employment, license, or other right or privilege, or made in connection with the person's appearance as a witness.

Motor vehicle sales laws

Retail installment contracts

(R.C. 1317.06)

The bill authorizes an alternative schedule of installment payments for a retail installment contract that arises out of a consumer transaction (e.g., an auto loan). Under current law, these retail installment contracts must have an installment payment schedule wherein the payments are all substantially equal and consecutive. For example, a buyer who signed a \$30,000 contract with monthly installment payments over the course of five years could expect to pay \$500 each month for 60 consecutive months.

The bill creates an alternative schedule in which the scheduled installment payments may vary, but an individual installment payment cannot be greater than 50% of any other installment payment. The alternative schedule creates more variability in payments; however, it also may shorten the length of a contract (since the slight increases in payments allow a buyer to pay off the total faster).

Both the current law schedule and the bill's alternative schedule exempt from their statutory payment schedule requirements any retail installment contracts that contain a provision allowing the buyer to refinance the contract under terms no less favorable than those of the original contract.

Trailers

(R.C. 4517.01)

The bill specifically excludes the sale of trailers from the Motor Vehicle Dealers Law (MVDL). As a result, a person does not need a motor vehicle dealer's license to sell, display, or otherwise conduct business with respect to trailers. However, the bill specifies that fifth wheel trailers, park trailers, travel trailers, tent-type fold-out camping trailers, or semitrailers remain subject to the MVDL.

Current law requires most motor vehicles to be sold by licensed dealers under the MVDL. Beyond licensing requirements for dealers, the MVDL also establishes requirements for motor vehicle distributors, wholesalers, auction owners, and salespersons and requirements governing motor vehicle dealer franchise agreements.

Warranty/recall compensation and indemnity for franchisees

(R.C. 4517.52, 4517.521, and 4517.60)

The bill modifies the laws relating to warranty and recall compensation between motor vehicle franchisors and franchisees. Specifically, it requires a franchisor to compensate its franchisees for their time and the parts related to diagnostic work, updates to vehicle accessories or functions, and initialization or repair of vehicle parts, systems, accessories, or functions. Under current law, a franchisor must compensate a franchisee for the repair and servicing of the vehicle related to warranty and recall repairs, however, it is unclear whether the diagnostic work related to those repairs is included in that compensation. Diagnostic work includes any time spent by the

franchisee's qualified technician communicating with the franchisor's technical assistance or external source in order to complete the warranty repair.

Related to such compensation, under current law, a franchisor may request that the franchisee supply additional documentation from either 90 days prior to a repair or 90 days after a repair order submitted for compensation if the repair order is substantially higher or lower than the rate on record with the franchisor. The additional documentation is meant to support the franchisee's request in calculating the correct rate for compensation. The bill lowers the time frame from 90 days to 60 days. Similarly, the bill removes the option for a franchisor to object to the retail labor rate or retail parts markup percentage submitted by a franchisee on the grounds that the rate is substantially different from that of other similarly situated, same line-make new motor vehicle dealers in the vicinity.

The bill also requires a franchisor to compensate a franchisee for a part or a component that is provided at a reduced cost, in addition to those provided at no cost, related to warranty and recall repairs. It additionally requires the franchisor to compensate a franchisee for the costs the franchisee incurs related to any rental vehicle provided to a customer, based on the franchisor's promise to provide a rental vehicle. The franchisor must provide that compensation regardless of whether the rental vehicle does not match the line-make, size, or category of vehicle that was originally promised to the customer.

The bill's modifications for warranty and recall repair compensation do not apply to recreational vehicle franchisors or franchisees.

Stop-sale/do-not-drive order repairs

In certain circumstances, a motor vehicle manufacturer issues a notification to its franchised motor vehicle dealers stating that specific used motor vehicles in inventory cannot be sold (either at retail or wholesale), leased, or driven because of a federal safety recall or a federal or state emissions recall. These notifications are called "stop-sale" or "do-not drive" orders. In these circumstances, the franchisees cannot sell any of the used vehicles in inventory until the recall repairs are made on the vehicles so that they are safe to be purchased and driven.

The bill requires a franchisor to compensate a franchisee at least 1.25% of the average trade-in cost of a used motor vehicle that is the subject of a stop-sale or do-not-drive order when the parts and remedy required to make the necessary repairs take more than 30 days to be provided by the franchisor. To receive that compensation, the franchisee must be authorized to sell or perform those recall repairs on motor vehicles that are the same line-make as the motor vehicle that is the subject of the stop-sale/do-not-drive order. The compensation must be paid per month (or prorated, if necessary) and begin starting on the 30th day after the recall notice and stop-sale/do-not-drive order was issued (if the remedy or repair parts have not been delivered to the franchisee). The compensation ends either when the remedy/repair parts are available to the franchisee or the day the franchisee sells, trades, or otherwise disposes of the subject motor vehicle (whichever occurs first). A franchisor is not required to compensate a franchisee for more than the total average trade-in value for the subject motor vehicle. Additionally, the franchisor may use a national recall compensation program to make the required payments to the franchisee.

The franchisor may determine the manner and methods by which a franchisee must demonstrate the inventory status of eligible motor vehicles, but it cannot be unduly burdensome. Additionally, the franchisor cannot attempt to recover its costs for such compensation through reductions in other required compensation or additional charges expected of the franchisees. Similarly, a franchisee cannot “double-dip” and if the franchisee is compensated for lost opportunities to sell a used vehicle through the bill’s program, the franchisee cannot combine that compensation with any other state or federal recall compensation remedy for vehicles subject to a stop-sale or do-not-drive order.

The bill’s required compensation program does not apply to any motor vehicles purchased by the franchisee after the date the recall notice or stop-sale/do-not-drive order was issued, to motor vehicles purchased outside the ordinary course of business, or to recreational vehicle franchisees/franchisors.

Indemnity

Additionally, the bill indemnifies a franchisee when a franchisor designates certain motor vehicle features or equipment as optional.

Classic motor vehicle auction exemption

(Section 745.10)

The bill creates a temporary exemption (until August 1, 2026) from the Motor Vehicle Sales Law’s provisions relating to auctions for a person who auctions classic motor vehicles (i.e., vehicles more than 26 years old), provided the auction meets all the following parameters:

1. All the vehicles that will be auctioned are classic motor vehicles;
2. One or more of the vehicles will be auctioned on behalf of a 501(c)(3) nonprofit organization located in Ohio;
3. At least $\frac{3}{4}$ of the vehicles will be auctioned at no reserve;
4. The auction only lasts up to three days;
5. The auction will be held at an exposition center in Columbus; and
6. The person requests and receives permission for the auction from the Registrar.

At least 30 days prior to the proposed date of the auction, the auction host must file an application for approval from the Registrar. The application must include the person’s name and business address, the location of the auction, evidence showing that the person does not exclusively sell motor vehicles, and any other necessary, reasonable, and relevant information required by the Registrar. The applicant must sign and swear to the veracity of the information contained in the application.

Related to the auction, the host must: (a) ensure that any classic motor vehicle auctioned has a valid Ohio certificate of title, (b) keep records of the classic motor vehicles auctions (e.g., year, make, model, VIN, name and address of the seller and purchaser, purchase price, odometer reading, etc.), and (c) allow for reasonable inspections of the records by the Registrar. Additionally, the host must use the auction services of an auction firm to conduct the auction and

cannot use a nonresident individual who has been granted a one-auction license by the Department of Agriculture to conduct it. The Registrar may refuse permission for a classic motor vehicle auction with the bill's exemptions if the auction host fails to comply with any of the parameters or makes a false statement of material fact in the application.

Nuclear power plant security

(R.C. 4749.01)

The bill excludes security personnel and contractors for a security organization under a federally approved physical protection program at a commercial nuclear power plant while performing duties related to protecting the plant and nuclear material from threats, thefts, and sabotage from the continuing law licensure requirement to engage in the business of security services. Under continuing law, a person generally must hold a license to engage in the business of security services, unless an exception applies.¹⁶⁰

The U.S. Nuclear Regulatory Commission approves physical protection programs at commercial nuclear power plants as a condition of licensure to operate under federal law.¹⁶¹

¹⁶⁰ R.C. 4749.13, not in the bill.

¹⁶¹ 10 C.F.R. Part 73.