

OHIO TRANSPORTATION BUDGET UPDATE

Apr 4, 2019

Ohio's Transportation Budget has been a source of controversy and compromise. The original March 31 deadline came and went without a deal. The Conference Committee, which is a bipartisan committee of House and Senate members tasked with making the determinations on which provisions would be in the final version of the state's biennial Transportation Budget, Substitute House Bill 62, finished negotiations on April 2, 2019 with provisions totaling \$865 million. In a relatively infrequent move, Governor Mike DeWine (R) signed his first Transportation Budget on April 4, 2019 without once exercising his line-item veto authority. The Transportation Budget provisions, which include a gas tax increase and the state regulation of traffic cameras, will take effect on July 1, 2019.

See below for a highlight of the major new policy initiatives included in the state's biennial Transportation Budget. Click here for a complete list of all provisions contained within the final bill.

<https://www.lsc.ohio.gov/documents/budget/133/transportation/Fl/comparedoc-hb62-en.pdf>

Gas Tax

The biggest obstacle to passing the Ohio Transportation Budget was the proposed increase to the gas tax. Governor DeWine proposed an 18-cent-a-gallon tax increase to provide for maintenance of roads and bridges and to complete major new projects, citing that Ohio's road-funding shortage is approximately \$500 million per year. The 18-cent tax was in addition to the existing gas tax of 28 cents per gallon, which was put in place in 2005 and has not been increased since that time. The original position of the House was 10.7 cents on gas and 20 cents on diesel, and the Senate reduced that further with a proposal to add 6 cents for both gas and deiseal. After lengthy negotiations, causing the Legislature to miss the March 31 deadline, the final version included a gas tax increase of 10.5 cents and diesel fuel increase of 19 cents, which will be divided between state and local governments in a 55% - 45% split. The increase equates to approximately \$850 million per year for road and bridge projects.

The debate on the gas tax is tied to the Ohio Earned Income Tax Credit. The Senate argued for providing low-income residents with more money because higher gas taxes will disproportionately affect them. The final version of the Transportation Budget included an increase to the Ohio Earned Income Tax Credit and removed a tax credit cap on taxpayers with incomes over \$20,000.

Public Transit

Lawmakers agreed to provide \$70 million a year for public transit. This was a compromise between the Senate's proposed \$55 million and the House's proposed \$100 million. Currently, transit receives \$33 million per year, money which is provided through federal grants. The \$70 million in funding will come out of the state's General Revenue Fund ("GRF"), a potentially fraught decision because of the many state programs that get funded through the GRF.

Front License Plates

While current Ohio law requires both front and rear license plates, the Ohio Legislature has long contemplated eliminating the requirement for a front license plate. During Transportation Budget negotiations, the House argued to eliminate the requirement to display front license plates on Ohio cars or trucks. Auto dealers and drivers testified in support of this policy decision, stating it is an unnecessary and costly requirement, especially since states that border Ohio only require rear license plates. The state would save approximately \$1.5 million a year in plate-stamping costs.

The Senate disagreed with the proposal, with support from law enforcement and police unions. Law enforcement argued that having two plates double the chances of catching lawbreakers, and that making half of all Ohio plates superfluous would create a huge amount of plates for the black market and/or stolen vehicles.





The House prevailed, and Ohio drivers can remove their front license plates beginning on July 1, 2020.

Electric Scooters/Skateboards

Low-speed scooters will not be regulated by the state, which is a provision the House initially included into the budget bill. Statewide standards, such as prohibiting those under sixteen from operating electric scooters, were nixed by the Senate. The Senate ultimately prevailed with the argument that scooter regulation should fall within each city's jurisdiction.

The death of a child in Canton in 2017 prompted the inclusion of a provision to ban the attachment of skateboards to vehicles. While attaching bikes, coasters, roller skates, toy vehicles or sleds to a vehicle was already illegal, skateboards have not included in state law until now.

Electric and Hybrid Vehicles

Electric and hybrid vehicles pay less in gas taxes but use the same roads. The Ohio General Assembly proposed a fee to offset wear and tear on the roads by these vehicles. The final version of the Transportation Budget sets the fees for alternate vehicles at \$200 and hybrid vehicles at \$100.

Traffic Cameras

The final version of this bill includes a financial penalty to municipalities for operating automated red-light and speed enforcement cameras. If a municipality collects revenue from these traffic cameras, the state will reduce local-government funding by an equal amount. There is an exemption to this penalty so long as the municipality is solely using the traffic cameras in school zones and the revenue collected is used for school safety purposes.

Motorcycle Hearing Protection

While the House wanted to specifically codify the ability for motorcyclists to wear earphone/earplugs for hearing protection or for listening to music, the Senate eliminated this provision and it was not included in the final bill.

If you have questions about these public policy changes, please contact any of the listed Roetzel attorneys.

