



Motor Vehicle Fuel and Use Tax

An excise tax applies to all dealers in motor vehicle fuel on the use, distribution or sale within Ohio of fuel used to generate power for the operation of motor vehicles.

The motor fuel excise tax rate has been 28 cents per gallon since July 1, 2005. This 28 cents per gallon rate is actually composed of five separate levies, each subject to a different distribution formula. The Ohio Constitution requires that revenue from the tax be used only for highway construction, traffic enforcement and certain other activities.

Motor vehicle fuel wholesale dealers, rather than retailers, remit the tax. In FY 2014, the reported net motor fuel tax collections totaled approximately \$1,825.5 million after refunds. In addition, a motor fuel use tax is imposed on operators of motor vehicles with three or more axles, or weighing more than 26,000 pounds gross vehicle weight, for fuel purchased outside the state and consumed in Ohio. The use tax rate in FY 2014 was 28 cents per gallon with collections after refunds of approximately \$34.0 million.

Taxpayer

(Ohio Revised Code 5735.01)

The excise tax applies to dealers who:

- import motor fuel from another state or foreign country or acquire motor fuel by any means into a terminal in this state;
- import motor fuel from another state or foreign country in bulk lot vehicles for subsequent sale and distribution in this state from bulk lot vehicles;
- refine motor fuel in this state;
- acquire motor fuel from a motor fuel dealer for subsequent sale and distribution in this state from bulk lot vehicles; or
- possess an unrevoked permissive motor fuel dealer's license.

The motor fuel use tax applies to operators of motor vehicles with three or more axles or weighing more than 26,000 pounds gross vehicle weight.

Tax Base

(R.C. 5735.06)

The base of the tax is gallons of motor vehicle fuel sold, used or distributed in Ohio.

Rates

The overall rate of 28 cents per gallon is actually composed of five separate levies. All are measured in cents per gallon, but one levy in particular – the largest, currently set at 15 cents – is specifically identified as the “cents per gallon rate” in Ohio law because it was once adjusted annually for inflation by the Tax Commissioner.

All five levies are as follows:

R.C. Section	Rate per gallon
5735.30	1 cent
5735.05	2 cents
5735.25	2 cents
5735.29	8 cents
5735.05	15 cents
Total	28 cents

Deductions, Refunds, and Credits

Deductions (R.C. 5735.05 and 5735.06)

Dealers may deduct the following from their total gallons sold:

- motor fuel – other than gasoline and clear diesel fuel – sold for uses other than operating motor vehicles on public highways or on waters within Ohio;
- motor fuel sold by licensed wholesale dealers to other licensed wholesale dealers;
- motor fuel exported to other states or foreign countries;
- motor fuel sold for exclusive use of the U.S. government or its agencies;
- motor fuel being transported as part of an export sale;
- motor fuel sold exclusively for the propulsion of aircraft; and
- motor fuel sold for use in vessels if such use would otherwise qualify for a refund under R.C. 5735.14.

Shrinkage allowance (R.C. 5735.06)

In addition, licensed motor fuel dealers receive a discount intended to cover “evaporation, shrinkage or other unaccounted for losses.” An uncodified provision of House Bill 119, enacted in mid-2007 by the 127th General Assembly, set this “shrinkage allowance” at the following levels for fiscal years 2008-09, which has been extended through fiscal year 2015 by House Bill 51 of the 130th General Assembly:

- licensed distributors received a 1 percent discount on total gallons of fuel received, minus 0.5 percent on gallons sold to retailers, for fuel lost through shrinkage and evaporation.
- retailers received a 0.5 percent discount on gallons of fuel purchased from licensed distributors for fuel lost through shrinkage and evaporation. This discount is received in the form of a refund.

Refunds (R.C. 5735.13, 5735.14, 5735.141, 5735.142, 5735.18 and 5734.29)

Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund when:

- the motor fuel was used to operate or propel stationary gasoline engines, tractors used for off-highway purposes or unlicensed motor vehicles used exclusively in intra-plant operations;
- the motor fuel was used by watercraft devoted entirely to commercial purposes such as trade or fishing; by vessels used in Boy Scout training; by vessels used or owned by railroad car ferry companies; or by vessels used or owned by federal, state or local governments;
- the motor fuel was used for cleaning or dyeing;
- the motor fuel was used by local transit systems;¹
- the motor fuel was used in aircraft;
- the motor fuel was lost or destroyed through fire, explosion, lightning or other natural disasters; or
- any person, other than a dealer, sells the fuel or uses the fuel outside Ohio, or who sells the fuel to the U.S. government or any of its agencies.

Also, a city, exempted village, joint vocational or local school district, an educational service center or a county board of developmental disabilities may be reimbursed for 6 cents per gallon of the total Ohio motor fuel tax paid on fuel.

Special Provision

Fuel Use Tax (Chapter 5728)

The Ohio motor vehicle fuel use tax is imposed on heavy trucks on the amount of motor fuel consumed in Ohio that was purchased outside of Ohio. The use tax rate has been 28 cents since 2005. A refund or credit is allowed for the tax on fuel purchased in Ohio for use in another state, provided the other state imposes a tax on such fuel and allows a similar credit or refund. During fiscal year 2014, \$34.0 million was collected from the fuel use tax and dedicated to the Highway Operating Fund.

Liquid Natural Gas (R.C. 5735.013)

Unlike other forms of motor fuel that are taxed on a per-gallon basis, the tax on liquid natural gas is measured

in pounds. A conversion method of finding a gallon-equivalent standard is set to either (a) the diesel gallon-equivalent standard for liquid natural gas adopted by the National Conference on Weights and Measurers or (b) if no such standard has been adopted, 6.06 pounds of liquid natural gas.

Filing and Payment Dates

(R.C. 5735.06)

Taxpayers must submit returns to the Department of Taxation by the last day of each month for the preceding month's tax liability.

Disposition of Revenue

The motor vehicle fuel tax is composed of five separate levies, with revenue for each distributed by the Department of Taxation monthly in a different manner.

Before any other distributions are made, the Treasurer of State deposits the first 2 percent of the motor fuel tax received for the preceding calendar month to the state Highway Safety Fund for the costs of administration and enforcement of state laws governing the registration and operation of motor vehicles.² After the Highway Safety Fund distribution and applicable refunds to taxpayers, the following distributions are made from all five levies:

- the Waterways Safety Fund receives 0.875 percent (R.C. 5735.051).
- the Wildlife Boater Angler Fund receives 0.125 percent (R.C. 5735.051).
- the amount needed to ensure that there are sufficient funds to meet all payments for highway bond retirement is transferred.
- five cents for each gallon sold at stations operated by the Ohio Turnpike Commission is transferred to the commission (R.C. 5735.23).
- the Motor Fuel Tax Administrative Fund receives 0.275 percent.

The remainder of each of the state's five motor fuel tax levies is distributed as described below:

2 cents per gallon (R.C. 5735.05, 5735.23) – Revenue is distributed as follows:

- \$100,000 that is transferred monthly to the Grade Crossing Fund; this levy contributes 2/17 of the monthly \$100,000. The remaining revenue is distributed as follows:
- 30 percent to municipal corporations in proportion to their motor vehicle registrations;³
- 25 percent to all counties in equal amounts;³
- 45 percent to the state.

¹ Revenue from the one-cent per gallon levy used in part to retire highway bonds is not refunded to transit systems.

² This practice began at the start of the 2010 fiscal year as a result of House Bill 1, enacted by the 128th General Assembly. It replaced a monthly distribution of up to \$1.6 million during fiscal years 2008 and 2009, spelled out in uncodified law (section 209.10 of House bills 67 and 119 of the 127th General Assembly).

³ Proceeds are deposited by the state in the Gasoline Excise Tax Fund and distributed monthly to counties, townships, and municipalities.

2 cents per gallon (R.C. 5735.25, 5735.26, 5735.27) – Revenue is distributed as follows:

- 67.5 percent to the state;
- 7.5 percent to all counties in equal amounts;³
- 17.5 percent to all townships in equal amounts;³
- 7.5 percent to municipalities in proportion to their motor vehicle registrations.³

8 cents per gallon (R.C. 5735.29, 5735.291) – Some 81.25 percent of this levy is to the State Highway Operating Fund. The remaining 18.75 percent is distributed to the Gasoline Excise Tax Fund. From this fund:

- 42.86 percent distributed to municipalities in proportion to their share of motor vehicle registrations;
- 37.14 percent distributed to all counties in equal amounts; and
- 20 percent distributed to all townships by the greater of either the equal share of the total amount allocated to all townships or a proportionate share based on township lane miles and the township’s proportion of motor vehicle registrations.

1 cent per gallon (R.C. 5735.30) – All revenue is distributed to the state for highway bond retirement funds, as long as this funding is required. Thereafter, all revenue is directed to the State Highway Operating Fund.

15 cents per gallon (“cents per gallon tax”; R.C. 5735.05, 5735.23) – One cent from each gallon is transferred to the Local Transportation Improvement Program Fund. Revenue from this levy and the first 2 cents per gallon levy together make up the \$100,000 that is transferred monthly to the Grade Crossing Fund; this levy contributes 15/17 of \$100,000. The balance is distributed as follows:

- 75.0 percent to the state;
- 10.7 percent to municipalities in proportion to their motor vehicle registrations;¹
- 9.3 percent to all counties in equal amounts;¹
- 5.0 percent to all townships in equal amounts.¹

Administration

The Tax Commissioner administers the motor vehicle fuel excise tax and the motor fuel use tax.

Ohio Revised Code Citations

Chapters 5728 and 5735.

Recent Legislation

House Bill 51, 130th General Assembly

Shrinkage Allowance – Extends through the FY 2014–15 biennium the existing reductions in motor fuel dealers prompt payment and shrinkage allowances that applied during FY 2008–FY 2013. (Temp law sec 757.10)

House Bill 59, 130th General Assembly

Motor Fuel Excise Tax on Liquid Natural Gas – Previously, the tax on liquid natural gas was measured in gallons (like all other motor fuel). The law requires, effective from Jan. 1, 2014, the tax on liquid natural gas be measured in pounds. The law provides for a conversion process.

Township Use of Motor Fuel Tax Revenue – Allowed townships receiving motor fuel distributions to use the revenue to pay debt service on bonds issued to finance the purchase of road machinery and equipment, the planning, construction and maintenance of buildings that house such machinery and equipment and any highway improvement project for which the township is authorized to issue bonds.

Electronic Filing - Required electronic payments and provided for penalties for failure to do so.

Exporter License - Consolidated the two different types of exporters’ licenses.

History of Major Changes

1925	2 cents per gallon tax enacted.	2 cents
1927	1 cent increase	3 cents
1929	1 cent increase	4 cents
1933	1 cent decrease	3 cents
1947	1 cent increase	4 cents
1953	1 cent increase	5 cents
1959	2 cent increase	7 cents
1981	3.3 cent increase, Ohio Motor Vehicle Use Tax becomes effective July 1, 1980.	10.3 cents
1982	1.4 cent increase	11.7 cents
1983	0.3 cent increase	12 cents
1987	2.7 cent increase	14.7 cents
1988	0.1 cent increase	14.8 cents
1989	3.2 cent increase	18 cents
1990	2 cent increase	20 cents
1991	1 cent increase	21 cents
1993	1 cent increase	22 cents
1995	Ohio joins the International Fuel Tax Agreement (IFTA) ¹	
2003	2 cent increase	24 cents
2004	2 cent increase	26 cents
2005	2 cent increase	28 cents

¹ IFTA is between the lower 48 states and Canadian provinces, and it simplifies the reporting of fuel taxes from carriers operating in more than one of these jurisdictions. IFTA is administered by the International Fuel Tax Association, an Arizona non-profit corporation. IFTA audits are conducted for Ohio by the Ohio Department of Taxation.

Comparisons with Other States

(As of July 1, 2014)

Unless noted, the motor vehicle fuel tax rates listed in this table do not reflect the application of a state sales tax or local permissive motor vehicle fuel taxes. The rates include all other applicable state taxes, fees and levies.

Tax Rates (cents per gallon)			
State	Gasoline	Diesel	Sales Tax Applicable?
Georgia ¹	19.3	21.3	Yes
Indiana ²	18.0	16.0	Yes
Kentucky ³	32.5	29.5	No
Michigan	19.0	15.0	Yes
North Carolina ⁴	37.5	37.5	No
Ohio	28.0	28.0	No
Pennsylvania	40.7	51.0	No
Tennessee ⁵	21.4	18.4	No
Texas	20.0	20.0	No
West Virginia ⁶	35.7	35.7	No

¹ Georgia levies a 7½ cent state excise tax and a 4% tax on sales of motor fuel, 3% of which represents fuel tax and 1 percent represents general sales tax, imposed as a cents-per-gallon rate set using a weighted average indexed retail sales price for each type of fuel, which is included in Georgia's rates, above. The full rate applies for motor fuel used off highways.

² Indiana sales tax and an 11 cents per gallon surcharge tax on motor carriers are not included in Indiana's rates, above.

³ Kentucky's actual rate is 9% of the average wholesale price of gasoline received in Kentucky, rounded to the nearest one-tenth of 1% paid on a per gallon basis, and adjusted quarterly. Kentucky levies a 1.4 cents petroleum storage tank environmental assurance fee that is included in Kentucky's rates, above. Kentucky also levies a surtax at the rate of 2% of the average wholesale price that is not included in Kentucky's rates, above.

⁴ North Carolina's actual rate is 17½ cents per gallon plus the greater of 3½ cents or 7% of the average wholesale price of motor fuel adjusted semiannually. North Carolina levies a ¼ cent inspection tax per gallon that is not included in North Carolina's rates, above.

⁵ Tennessee's rates include a 1 cent per gallon petroleum tax and a ¼ cent per gallon environmental assurance fee.

⁶ West Virginia's actual rate is 35.7 cents per gallon plus 5 percent of the average wholesale price of the fuel for the year, both of which are included in West Virginia's rates.

Table 1 Motor Vehicle Fuel Tax Gross Collections, Refunds and Net Tax After Refunds Fiscal Years 2010-2014			
Fiscal Year	Gross Collections	Refunds	Net Tax After Refunds
2010	\$1,744,625,722	\$17,383,455	\$1,727,242,267
2011	1,775,802,181	18,578,258	1,757,223,923
2012	1,702,234,619	18,026,315	1,684,208,304
2013	1,742,705,818	17,705,547	1,725,000,271
2014	1,844,815,403	19,287,361	1,825,528,042

Source: Ohio Office of Budget and Management OAKS financial reports.

Table 2 Motor Vehicle Fuel Use Tax Gross Collections, Refunds and Net Tax After Refunds Fiscal Years 2010-2014			
Fiscal Year	Gross Collections	Refunds	Net Tax After Refunds
2010	\$38,482,227	\$387,208	\$38,095,019
2011	36,167,631	500,392	35,667,239
2012	31,715,980	473,187	31,242,793
2013	32,686,515	552,928	32,133,587
2014	34,523,106	509,167	34,013,939

Source: Ohio Department of Taxation records.

Table 3					
Taxable Gallons of Motor Vehicle Fuel, Fiscal Years 2010-2014¹					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Gasoline	\$4,970,761,774	\$4,988,781,906	\$4,969,895,959	\$4,949,476,989	\$4,947,722,865
Diesel				1,526,316,825	1,564,749,514 ³
Special Fuels ²	1,441,256,585	1,491,098,136	1,533,844,630	4,386,730	6,648,367
Total	\$6,412,018,359	\$6,479,880,042	\$6,503,740,589	\$6,480,180,544	\$6,519,120,746
Source: Ohio Department of Taxation, as reported on tax returns.					
¹ Proceeds are deposited by the state in the Gasoline Excise Tax Fund and distributed monthly to the counties, townships, and municipalities.					
² Includes kerosene, biodiesel, and propane fuel used to operate motor vehicles on public highways and waterways.					
³ Diesel reported as special fuels prior to FY 2013.					

Table 4

**Amounts of Motor Vehicle Fuel Tax Revenue Distributed to Local Governments by County
Calendar Year 2013**

Calendar Year 2013	County	Township	Municipalities	Total	County Name	County	Township	Municipalities	Total
ADAMS	\$2,299,886	\$1,281,505	\$278,337	\$3,859,728	LOGAN	\$2,299,886	\$1,453,581	\$776,037	\$4,529,505
ALLEN	\$2,299,886	\$1,127,432	\$1,737,054	\$5,164,372	LORAIN	\$2,299,886	\$1,560,498	\$7,466,492	\$11,326,876
ASHLAND	\$2,299,886	\$1,281,505	\$913,287	\$4,494,678	LUCAS	\$2,299,886	\$1,194,706	\$10,410,102	\$13,904,693
ASHTABULA	\$2,299,886	\$2,314,050	\$1,662,156	\$6,276,092	MADISON	\$2,299,886	\$1,196,071	\$687,837	\$4,183,795
ATHENS	\$2,299,886	\$1,206,449	\$605,470	\$4,111,804	MAHONING	\$2,299,886	\$1,603,891	\$3,147,344	\$7,051,121
AUGLAIZE	\$2,299,886	\$1,196,071	\$1,068,859	\$4,564,816	MARION	\$2,299,886	\$1,285,156	\$1,207,610	\$4,792,652
BELMONT	\$2,299,886	\$1,400,980	\$1,134,571	\$4,835,436	MEDINA	\$2,299,886	\$1,533,961	\$3,009,375	\$6,843,222
BROWN	\$2,299,886	\$1,366,938	\$464,008	\$4,130,833	MEIGS	\$2,299,886	\$1,025,291	\$200,498	\$3,525,675
BUTLER	\$2,299,886	\$1,686,574	\$6,053,639	\$10,040,099	MERCER	\$2,299,886	\$1,198,560	\$835,968	\$4,334,414
CARROLL	\$2,299,886	\$1,203,297	\$196,490	\$3,699,673	MIAMI	\$2,299,886	\$1,032,310	\$2,355,655	\$5,687,852
CHAMPAIGN	\$2,299,886	\$1,025,204	\$590,445	\$3,915,535	MONROE	\$2,299,886	\$1,537,806	\$146,102	\$3,983,794
CLARK	\$2,299,886	\$1,007,921	\$2,087,856	\$5,395,664	MONTGOMERY	\$2,299,886	\$1,125,929	\$13,503,807	\$16,929,622
CLERMONT	\$2,299,886	\$1,733,650	\$780,096	\$4,813,631	MORGAN	\$2,299,886	\$1,196,071	\$102,530	\$3,598,487
CLINTON	\$2,299,886	\$1,110,637	\$685,790	\$4,096,313	MORROW	\$2,299,886	\$1,366,938	\$243,303	\$3,910,128
COLUMBIANA	\$2,299,886	\$1,594,692	\$1,577,113	\$5,471,691	MUSKINGUM	\$2,299,886	\$2,170,422	\$1,084,322	\$5,554,630
COSHOCTON	\$2,299,886	\$1,879,540	\$527,966	\$4,707,393	NOBLE	\$2,299,886	\$1,281,505	\$100,733	\$3,682,124
CRAWFORD	\$2,299,886	\$1,366,938	\$964,454	\$4,631,278	OTTAWA	\$2,299,886	\$1,025,204	\$576,447	\$3,901,537
CUYAHOGA	\$2,299,886	\$188,031	\$35,794,332	\$38,282,250	PAULDING	\$2,299,886	\$1,025,204	\$300,224	\$3,625,314
DARKE	\$2,299,886	\$1,716,288	\$935,301	\$4,951,476	PERRY	\$2,299,886	\$1,196,071	\$395,013	\$3,890,970
DEFIANCE	\$2,299,886	\$1,025,204	\$728,438	\$4,053,528	PICKAWAY	\$2,299,886	\$1,281,505	\$784,328	\$4,365,719
DELAWARE	\$2,299,886	\$1,788,714	\$1,741,329	\$5,829,930	PIKE	\$2,299,886	\$1,196,071	\$217,630	\$3,713,587
ERIE	\$2,299,886	\$801,537	\$1,716,979	\$4,818,403	PORTAGE	\$2,299,886	\$1,585,248	\$2,287,970	\$6,173,105
FAIRFIELD	\$2,299,886	\$1,265,153	\$2,205,644	\$5,770,684	PREBLE	\$2,299,886	\$1,025,204	\$658,164	\$3,983,254
FAYETTE	\$2,299,886	\$854,337	\$521,048	\$3,675,271	PUTNAM	\$2,299,886	\$1,281,505	\$639,681	\$4,221,072
FRANKLIN	\$2,299,886	\$1,565,827	\$35,055,765	\$38,921,478	RICHLAND	\$2,299,886	\$1,592,107	\$2,553,113	\$6,445,106
FULTON	\$2,299,886	\$1,036,229	\$776,603	\$4,112,717	ROSS	\$2,299,886	\$1,398,511	\$929,668	\$4,628,065
GALLIA	\$2,299,886	\$1,282,714	\$178,997	\$3,761,597	SANDUSKY	\$2,299,886	\$1,037,003	\$1,014,660	\$4,351,549
GEAUGA	\$2,299,886	\$1,497,740	\$770,632	\$4,568,257	SCIOTO	\$2,299,886	\$1,397,049	\$693,181	\$4,390,116
GREENE	\$2,299,886	\$1,055,663	\$4,010,608	\$7,366,158	SENECA	\$2,299,886	\$1,281,505	\$1,191,808	\$4,773,199
GUERNSEY	\$2,299,886	\$1,623,941	\$514,864	\$4,438,692	SHELBY	\$2,299,886	\$1,196,071	\$1,018,543	\$4,514,500
HAMILTON	\$2,299,886	\$1,968,401	\$16,000,854	\$20,269,141	STARK	\$2,299,886	\$2,302,723	\$5,596,605	\$10,199,215
HANCOCK	\$2,299,886	\$1,465,560	\$1,756,289	\$5,521,735	SUMMIT	\$2,299,886	\$943,877	\$14,538,913	\$17,782,676
HARDIN	\$2,299,886	\$1,281,505	\$547,240	\$4,128,631	TRUMBULL	\$2,299,886	\$2,229,088	\$3,282,418	\$7,811,392
HARRISON	\$2,299,886	\$1,281,505	\$262,021	\$3,843,412	TUSCARAWAS	\$2,299,886	\$1,887,914	\$2,005,823	\$6,193,623
HENRY	\$2,299,886	\$1,110,637	\$540,364	\$3,950,887	UNION	\$2,299,886	\$1,196,071	\$797,097	\$4,293,055
HIGHLAND	\$2,299,886	\$1,456,058	\$458,188	\$4,214,133	VAN WERT	\$2,299,886	\$1,025,204	\$499,077	\$3,824,167
HOCKING	\$2,299,886	\$948,412	\$282,877	\$3,531,175	VINTON	\$2,299,886	\$1,025,204	\$104,908	\$3,429,998
HOLMES	\$2,299,886	\$1,196,071	\$171,962	\$3,667,920	WARREN	\$2,299,886	\$1,291,569	\$3,254,246	\$6,845,702
HURON	\$2,299,886	\$1,623,239	\$1,337,586	\$5,260,711	WASHINGTON	\$2,299,886	\$1,892,136	\$831,958	\$5,023,981
JACKSON	\$2,299,886	\$1,025,204	\$469,543	\$3,794,633	WAYNE	\$2,299,886	\$1,388,242	\$1,922,361	\$5,610,488
JEFFERSON	\$2,299,886	\$1,212,373	\$1,238,873	\$4,751,132	WILLIAMS	\$2,299,886	\$1,025,204	\$727,500	\$4,052,590
KNOX	\$2,299,886	\$1,890,536	\$702,034	\$4,892,456	WOOD	\$2,299,886	\$1,702,799	\$2,573,704	\$6,576,390
LAKE	\$2,299,886	\$572,108	\$5,963,197	\$8,835,191	WYANDOT	\$2,299,886	\$1,110,637	\$495,556	\$3,906,080
LAWRENCE	\$2,299,886	\$1,240,072	\$696,153	\$4,236,111					
LICKING	\$2,299,886	\$2,181,160	\$3,133,117	\$7,614,164	Total	\$202,389,985	\$118,239,224	\$235,006,740	\$555,635,948

Source: Ohio Department of Taxation Records