

MOTOR VEHICLE FUEL USE TAX

TAXPAYER

Fuel use tax permit holders.

TAX BASE

Fuel used on Ohio highways by tractor-trailer combinations, trucks with three axles or more, and two-axle trucks pulling a trailer with a gross vehicle weight over 26,000 pounds. Taxpayers must pay tax on the amount by which the fuel consumed in Ohio exceeds the fuel purchased in Ohio. In addition, a surtax is paid on all fuel consumed in Ohio.

RATE

Effective July 1, 2003, the rate increased from 22 cents per gallon plus a three cents per gallon surtax to 24 cents per gallon plus a three cents per gallon surtax. Effective July 1, 2004, the tax will increase to 26 cents and the surtax will be reduced to two cents per gallon.

MAJOR EXEMPTIONS

Vehicles owned and operated by the federal government, the State of Ohio, and its political subdivisions.

REVENUE (IN MILLIONS)

Fiscal	
Year	Total
2000	\$66.9
2001	75.3
2002	69.4
2003	71.4

DISPOSITION OF REVENUE

Highway bond retirement funds for as long as needed and then to the Highway Operating Fund.

PAYMENT DATES

Reports and payments are filed quarterly by January 31, April 30, July 31, and October 31 for the liability for the previous three months, or annually by July 31 for the liability for the previous 12 months.

SPECIAL PROVISIONS/CREDITS

None.

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SECTIONS OF OHIO REVISED CODE

Chapter 5728.

RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner.

HISTORY OF MAJOR CHANGES

- 1981 • Tax became effective July 1.
- 1991 • Three cents per gallon surtax became effective.
- 1995 • Ohio joined International Fuel Tax Agreement (IFTA).
- 2003 • Tax rate increased by two cents per gallon, from 22 to 24 cents, effective July 1. It is scheduled to be increased by two cents per gallon, from 24 to 26 cents, effective July 1, 2004.
 - Reduction to surcharge tax rate enacted. It is due to be reduced by one cent per gallon, from three cents to two cents, effective July 1, 2004.



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COMPARISONS WITH OTHER STATES (AS OF 01/04)

<u>State</u>	Tax Rate (cents per gallon)		Sales Tax Applicable
	<u>Gasoline</u>	<u>Diesel</u>	
California(1)	—	26.30	Yes
Florida(2)	19.37	29.07	Yes
Illinois(3)	26.90	29.60	Yes
Indiana(4)	29.00	27.00	Yes
Kentucky(5)	17.20	17.20	No
Massachusetts	21.00	21.00	No
Michigan(6)	—	22.50	Yes
New Jersey	14.50	17.50	No
New York(7)	33.10	31.15	Yes
Ohio(8)	27.00	27.00	No
Pennsylvania	26.20	31.20	No
Texas	20.00	20.00	No
West Virginia(9)	20.50	20.50	Yes

Source: International Fuel Tax Administration (IFTA) and state revenue departments. All data current as of January 1, 2004.

Notes: (1) Gasoline is not applicable. The applicable sales tax rate on the sale of gasoline is 5.75 percent. (2) The applicable sales tax rate on the sale of gasoline is 6.0 percent. (3) Data from the Illinois Revenue Department. Rate shown includes a variable state tax that was changed on January 1, 2004. The applicable sales tax rate on the sale of gasoline is 6.25 percent. (4) Rate shown includes a surcharge of 11 cents per gallon. The applicable sales tax rate on the sale of gasoline is 5.0 percent. (5) Rate shown includes a surcharge of 2.2 cents per gallon for gasoline and 5.2 cents per gallon for diesel. (6) According to the Michigan Revenue Department, gasoline is not applicable. Rate shown includes a surcharge of 12 cents per gallon for diesel. The applicable sales tax rate on the sale of gasoline is 6.0 percent. (7) The applicable sales tax rate on the sale of gasoline is 4.0 percent. (8) Rate shown includes a surcharge of three cents per gallon. This rate is scheduled to be reduced by one cent, from 3.0 to 2.0 cents, effective July 1, 2004. (9) The applicable sales tax rate on the sale of gasoline is 4.85 percent.