



Motor Vehicle Fuel Tax

Taxpayer

Dealers (wholesalers and refiners) who distribute fuel in Ohio.

Tax Base

Gallons of gasoline, diesel fuel, and special fuels sold in Ohio.

Rate

Effective July 1, 2004, increased to 26 cents per gallon from 24 cents per gallon. It is scheduled to increase to 28 cents per gallon effective July 1, 2005 if certain changes are not made to the federal gasoline tax distribution formula.

Major Exemptions

Refunds, credits, and deductions apply to the following:

- Purchasers who did not use the fuel to operate a vehicle on a highway or waterway in Ohio.
- Distributors and retailers for fuel lost through shrinkage, evaporation, and leakage.
- Local transit authorities for all but one cent per gallon on fuel consumed in transit buses.
- School districts, joint vocational schools, and educational service centers on the tax over 22 cents per gallon.

Revenue (In Millions)

<u>Fiscal</u> <u>Year</u>	<u>Total</u>
2000	\$1,404.9
2001	1,307.3
2002	1,383.3
2003	1,456.1
2004	1,536.9

Disposition of Revenue

The following items receive the revenue first:

- Monthly \$100,000 allocation to the Grade Crossing Fund.
- Monthly distribution to the Ohio Turnpike Commission equal to five cents on each gallon of fuel sold at stations operated by the commission.

After the above transfers, 0.875% of revenue is allocated to the Waterways Safety Fund, 0.125% to the Wildlife Boater-Angler Fund, and 0.275% to the Motor Fuel Tax Administrative Fund.

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Of the remaining revenue, the equivalent of one cent of the 26 cents per gallon tax rate is allocated to the Local Transportation Improvement Program Fund.

Once all other distributions have been made, the balance is distributed, in general, as follows:

- 75% to the State of Ohio;
- 10.7% to municipal corporations;
- 9.3% to counties; and
- 5.0% to townships.

Payment Date

By the last day of each month for the preceding month's tax liability.

Special Provisions/Credits

The total tax rate in effect from July 1, 2004 to June 30, 2005 includes one levy of six cents per gallon (increased from four cents effective July 1, 2004); two levies of two cents each; one levy of one cent; and a cents per gallon rate of 15 cents.

The current 15 cents per gallon tax levy was enacted at a variable rate, based on the consumer price index and net gallons of taxable fuel in each of the two years previous to the year of the rate calculation. Effective July 1, 1993, the rate was calculated to be 15 cents per gallon, and the variable rate formula lapsed thereafter.

Sections of Ohio Revised Code

Chapter 5735.

Responsibility for Administration

Tax Commissioner.



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History of Major Changes

Year	Change	Total Tax After Change
1925	• 2.0 cents per gallon tax enacted	2.0 cents
1927	• 1.0 cent per gallon increase	3.0 cents
1929	• 1.0 cent per gallon increase	4.0 cents
1933	• 1.0 cent per gallon reduction	3.0 cents
1947	• 1.0 cent per gallon increase	4.0 cents
1953	• 1.0 cent per gallon increase	5.0 cents
1959	• 2.0 cents per gallon increase	7.0 cents
1981	• 3.3 cents per gallon increase	10.3 cents
1982	• 1.4 cents per gallon increase	11.7 cents
1983	• 0.3 cents per gallon increase	12.0 cents
1987	• 2.7 cents per gallon increase	14.7 cents
1988	• 0.1 cent per gallon increase	14.8 cents
1989	• 3.2 cents per gallon increase	18.0 cents
1990	• 2.0 cents per gallon increase	20.0 cents
1991	• 1.0 cent per gallon increase	21.0 cents
1993	• 1.0 cent per gallon increase	22.0 cents
2003	• 2.0 cents per gallon increase	24.0 cents
2004	• 2.0 cents per gallon increase	26.0 cents ⁽¹⁾

Note: (1) This rate is scheduled to increase to 28 cents effective July 1, 2005, if certain changes are not made to the federal gasoline tax distribution formula.

Comparisons with Other States (As of 04/05)

(Motor vehicle fuel tax rates shown in the table on the following page do not reflect the application of a state sales tax - where applicable - or local permissive variable motor vehicle fuel taxes.)

Sources: Commerce Clearing House, International Fuel Tax Administration, and Federation of Tax Administrators. All rates as of January 1, 2005.

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State	Tax Rate (cents per gallon)		Sales Tax Applicable
	Gasoline	Diesel Fuel	
California(1)	18.00	18.00	Yes
Florida(2))	24.40	27.30	Yes
Illinois(3)	20.10	22.60	Yes
Indiana(4)	18.00	16.00	Yes
Kentucky(5)	17.40	14.40	No
Massachusetts	21.00	21.00	No
Michigan(6)	19.00	15.00	Yes
New Jersey(7)	14.50	17.50	No
New York(8)	23.20	21.45	Yes
Pennsylvania(9)	30.00	36.40	No
Texas	20.00	20.00	No
West Virginia(10)	27.00	27.00	Yes

Notes: (1)Sales tax rate on the sale of gasoline is 5.75%. (2)Total rate shown composed of two levies: state taxes of 14.4 cents and mandatory local levy of 9.9 cents. Sales tax rate on the sale of gasoline is 6.0%. (3)Sales tax rate on the sale of gasoline is 6.25%. The following local motor fuel tax rates have not been included in the gasoline rate for comparison: Chicago, 5.0 cents; Cook County, 6.0 cents; DuPage and Kane counties, 2.0 cents; and McHenry County, 4.0 cents. (4)Sales tax rate on the sale of gasoline is 5.0%. (5)Tax rate is based on the average wholesale price and is adjusted quarterly; the actual rate is 9.0%. Carriers pay an additional 2.0% surcharge. (6)Sales tax rate on the sale of gasoline is 6.0%. (7)Rate includes a 4.0 cents per gallon petroleum products excise tax levied on the sale of gasoline and diesel fuel. (8)Rate for gasoline and diesel fuel includes an embedded 8.0 cents per gallon excise tax and the petroleum business excise tax. Sales tax rate on the sale of gasoline is 4.0%. (9)The gasoline and diesel fuel tax rates include a permanent 12.0 cents per gallon excise tax and a variable oil company franchise tax, the rate of which is set by January 1 of each year. (10)Sales tax rate on the sale of gasoline is 4.85%.