

MOTOR VEHICLE FUEL TAX

An excise tax is imposed on all dealers in motor vehicle fuel upon the use, distribution, or sale within the state of Ohio of fuel used in generating power for the operation of motor vehicles. The fuel tax is actually composed of five separate levies: three levies of two cents each; one levy of one cent; and a cents per gallon rate. The cents per gallon rate in effect during fiscal year 1999 was 15 cents per gallon and the total of the excise tax rates was 22 cents per gallon.

The cents per gallon rate had been set by formula (See **Special Provisions**) at various times, the last time being 1993 when the formula set the 15 cents per gallon rate. The formula set the rate for fiscal years 1981 through 1983, when it reached a cap of five cents per gallon. The cap was removed for fiscal year 1987, until 1989 when the rate was set statutorily at 11 cents per gallon. The legislature increased the rate the following year to 13 cents per gallon. The formula was used again in fiscal years 1991 through 1993, when it reached 15 cents per gallon and a total rate of 22 cents per gallon.

After amounts are set aside for refunds and highway bond retirement, 0.5 percent is allocated to the Waterways Safety Fund and an amount equal to collections from one cent of the cents per gallon rate is set aside for the Local Transportation Improvement Program Fund. The remaining fuel tax receipts are distributed in approximately the following proportions: 75 percent to the state, 10.7 percent to municipalities, 9.3 percent to counties and 5 percent to townships. All of this money is earmarked for highway related purposes in accordance with Article XII, Section 5a of the Ohio Constitution.

There are other provisions in Ohio law concerning the taxation of motor fuel and distribution of tax receipts: a portion of the motor fuel tax collected on fuel sold by the Ohio Turnpike Commission stations is returned to the Commission for turnpike projects; and a use tax is imposed on operators of commercial vehicles with three or more axles for fuel consumed in Ohio at 25 cents per gallon (the 22 cent per gallon excise tax and a 3 cent surtax).

Motor vehicle fuel wholesalers and distributors, rather than retailers remit the tax. In fiscal year 1999, motor fuel taxes certified for collection totalled \$1,399.7 million, after refunds.

TAX BASE (R.C. 5735.06):

Gallons of motor vehicle fuel sold, used, or distributed in Ohio.

RATES:

Ohio R. C. Section	Tax Rate Per Gallon
5735.30	1.0 cent
5735.05	2.0 cents
5735.25	2.0 cents
5735.29	2.0 cents
5735.05*	<u>15.0 cents</u>
Total Rate Per Gallon	22.0 cents
* Cents per gallon rate -- see description under SPECIAL PROVISIONS .	

DEDUCTIONS, REFUNDS, AND CREDITS:

1. Dealers may claim the following deductions from their reported gallonage. (R.C. 5735.05, 5735.06):
 - (a) For motor fuel other than gasoline and clear diesel fuel sold for use other than operating motor vehicles on public highways or on waters within Ohio.
 - (b) Sales of motor fuel made by licensed dealers to other licensed dealers.
 - (c) Export of motor fuel to other states or foreign countries.
 - (d) Sales of motor fuel for exclusive use of the United States Government or its agencies.
 - (e) Sales of motor fuel that is in the process of transportation in either interstate or foreign commerce.
 - (f) Sales of motor fuel to be used exclusively for the propulsion of aircraft.
 - (g) Three percent of net taxable gallons of motor fuel to cover evaporation, shrinkage, and other losses. This deduction is only two percent on motor fuel sold to a retailer. The retailer is entitled to one percent.

2. Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund under the following conditions (R.C. 5735.13, 5735.14, 5735.141, 5735.142, 5735.18):

- (a) Fuel used in the following ways: to operate or propel stationary gas engines; tractors used for off-highway purposes; unlicensed motor vehicles used exclusively in intra-plant operations.
- (b) Motor fuel used by watercraft in the following ways: vessels used entirely for commercial purposes such as trade or fishing; vessels used in Boy Scout training; vessels used or owned by railroad car ferry companies; vessels used or owned by federal, state, and local governments.
- (c) Fuel used for cleaning or dyeing.
- (d) Motor fuel used by local transit systems except for the one-cent bond retirement levy.
- (e) Motor fuel used in aircraft.
- (f) One percent of the motor fuel tax paid on fuel purchased by retailers to cover losses from shrinkage and evaporation.
- (g) Fuel lost or destroyed through theft, fire, explosion, lightning, and other natural disasters.
- (h) Any person, other than a dealer, who sells the fuel or uses the fuel outside Ohio, or who sells the fuel to the U.S. Government or any of its agencies.

TAXPAYER (R.C. 5735.01):

Dealers who import 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 and 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.

SPECIAL PROVISIONS:

1. ***Cents per Gallon Rate (Variable Rate) (R.C. 5735.011):*** This rate is intended to increase funds for highway expenditures to make up for higher costs and reduced tax receipts from lower motor vehicle fuel consumption. The cents per gallon rate was adjusted annually, beginning March 1, 1982, through March 1, 1983 at which time the rate reached a 5 cent cap contained in the original legislation. It remained at 5 cents until July 1, 1987 when the cap was removed and the rate increased to 7.7 cents per gallon. The rate increased to 7.8 cents per gallon July 1, 1988. In 1989, the Ohio Legislature specified this rate to be 11 cents per gallon effective July 15, 1989, 13 cents per gallon effective July 1, 1990, and effective July 1, 1991, the rate was calculated to increase to 14 cents per gallon. The rate was calculated to be 15 cents per gallon effective July 1, 1993. The Ohio Revised Code does not provide for use of a formula to calculate the cents per gallon rate after 1993.
2. ***Fuel Use Tax (R.C. 5735.31):*** The Ohio motor vehicle fuel use tax is imposed on the amount of motor fuel consumed in Ohio that was purchased outside of Ohio for any vehicle that had been subject to the highway use tax. A refund or credit is allowed for the tax on fuel purchased in Ohio for use in another state provided that state imposes a tax on such fuel and allows a similar credit or refund.

An additional 3 cents per gallon fuel use tax became effective January 1, 1991. This additional tax was enacted to replace the revenue lost due to the repeal of the highway use tax effective January 1, 1991, as part of Ohio's entry into the International Registration Plan for commercial vehicles. Persons who were liable for the highway use tax must now pay the 3 cents per gallon fuel use tax on fuel used in Ohio (in addition to the 22 cents per gallon motor vehicle fuel tax).

In fiscal year 1999, \$64.3 million was collected from the fuel use tax and was distributed in the same manner and to the same funds as the highway use tax.

**FILING AND PAYMENT DATES
(R.C. 5735.06):**

By the last day of each month for the preceding month's tax liability; filed with the Ohio Treasurer of State.

DISPOSITION OF REVENUE:

The motor vehicle fuel tax is composed of five separate levies. Each of these levies is distributed in a different manner. Prior to any distribution, the following transfers of receipts are made:

1. Five tenths of a percent to the Waterways Safety Fund (0.75 percent, effective 7-1-99)
2. The amount needed to insure that there are sufficient funds to meet all payments for highway bond retirement
3. An amount equal to five cents times the number of gallons sold at stations operated by the Ohio Turnpike Commission to the Commission for turnpike projects (paid from the cents per gallon tax)

The distribution of the five levies is as follows:

1. *2 cents per gallon (R.C. Sections 5735.05, 5735.23):*
 - 30% to municipal corporations in proportion to their motor vehicle registrations;*
 - 25% to all counties in equal amounts;*
 - 45% to the state.
2. *2 cents per gallon (R.C. Sections 5735.25, 5735.26, 5735.27):*
 - 67.5% to the state;
 - 7.5% to all counties in equal amounts;*
 - 17.5% to all townships in equal amounts.*
 - 7.5% to municipalities in proportion to their motor vehicle registrations;*

3. *2 cents per gallon (R.C. Sections 5735.29, 5735.291):*
 - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
4. *1 cent per gallon (R.C. Section 5735.30):*
 - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
5. *Cents per gallon tax, 15 cents per gallon (R.C. Sections 5735.05, 5735.23):*
 - Collections from 1 cent of the cents per gallon rate to the Local Transportation Improvement Program Fund with the balance distributed as follows:
 - 75.0% to the state;
 - 10.7% to municipalities in proportion to their motor vehicle registrations;^
 - 9.3% to all counties in equal amounts;^
 - 5.0% to all townships in equal amounts.^

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

^ Proceeds are deposited by the state in the State and Local Government Highway Distribution Fund and distributed monthly to counties, townships and municipalities.

OHIO REVISED CODE CITATIONS:

Chapter 5735.

RECENT LEGISLATION

House Bill 163, effective July 1, 1999.
R.C. 5735.051 - Increases from 0.5 percent to 0.75 percent the proportion of motor vehicle fuel tax that is allocated to the Waterways Safety Fund.

Table 57
Motor Vehicle Fuel Tax Gross Collections Reported on Tax Returns,
Refunds and Net Tax After Refunds, Fiscal Years 1995-1999

Fiscal Year	Gross Collections	Refunds	Net Tax After Refunds
1995	\$1,285,794,774	\$34,184,314	\$1,251,610,460
1996	1,315,027,430	18,681,749	1,296,345,681
1997	1,342,516,749	27,803,321	1,314,713,428
1998	1,389,413,134	26,184,883	1,363,228,251
1999	1,416,300,932	16,549,955	1,399,750,977

Table 58
Taxable Gallons of Motor Vehicle Fuel, Fiscal Years 1995-1999

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Gasoline	4,758,231,046	4,830,942,094	4,861,724,341	4,954,771,731	5,034,602,056
Special Fuels*	<u>1,147,094,685</u>	<u>1,208,732,760</u>	<u>1,284,285,221</u>	<u>1,355,026,467</u>	<u>1,405,470,447</u>
Total	5,905,325,731	6,039,674,854	6,146,009,562	6,309,798,198	6,440,072,503

* Fuels other than gasoline used to propel motor vehicles on public highways and waterways.

Table 59
Amounts of Motor Vehicle Fuel Tax Revenue Distributed to Local Governments,
by County, Calendar Year 1998

County	Amount Distributed To:				County	Amount Distributed To:			
	Total*	County	Townships	Municipalities		Total*	County	Townships	Municipalities
Adams	\$2,251,237	\$1,348,239	\$730,987	\$172,011	Logan	\$2,624,906	\$1,348,239	\$803,905	\$472,762
Allen	3,046,197	1,348,239	567,463	1,130,496	Lorain	6,176,249	1,348,239	851,194	3,976,816
Ashland	2,609,172	1,348,239	709,328	551,605	Lucas	8,572,151	1,348,239	520,174	6,703,738
Ashtabula	3,686,966	1,348,239	1,276,791	1,061,937	Madison	2,405,104	1,348,239	662,040	394,826
Athens	2,366,927	1,348,239	662,040	356,649	Mahoning	4,187,665	1,348,239	662,040	2,177,387
Auglaize	2,559,493	1,348,239	662,040	549,215	Marion	2,896,423	1,348,239	709,328	838,856
Belmont	2,786,674	1,348,239	756,617	681,818	Medina	3,764,597	1,348,239	803,905	1,612,453
Brown	2,390,251	1,348,239	756,617	285,395	Meigs	2,056,270	1,348,239	567,463	140,569
Butler	5,411,928	1,348,239	614,751	3,448,938	Mercer	2,456,728	1,348,239	662,040	446,450
Carroll	2,134,930	1,348,239	662,040	124,651	Miami	3,259,966	1,348,239	567,463	1,344,264
Champaign	2,283,156	1,348,239	567,463	367,454	Monroe	2,292,120	1,348,239	851,194	92,687
Clark	3,062,605	1,348,239	472,886	1,241,480	Montgomery	9,817,556	1,348,239	472,886	7,996,431
Clermont	2,435,366	1,348,239	662,040	425,088	Morgan	2,085,466	1,348,239	662,040	75,187
Clinton	2,454,913	1,348,239	614,751	491,923	Morrow	2,252,524	1,348,239	756,617	147,669
Columbiana	3,184,696	1,348,239	851,194	985,263	Muskingum	3,215,546	1,348,239	1,182,214	685,094
Coshocton	2,740,282	1,348,239	1,040,348	351,695	Noble	2,121,055	1,348,239	709,328	63,488
Crawford	2,726,581	1,348,239	756,617	621,725	Ottawa	2,280,918	1,348,239	567,463	365,217
Cuyahoga	23,069,849	1,348,239	94,577	21,627,033	Paulding	2,090,180	1,348,239	567,463	174,478
Darke	2,837,744	1,348,239	945,771	543,734	Perry	2,266,792	1,348,239	662,040	256,514
Defiance	2,351,450	1,348,239	567,463	435,749	Pickaway	2,491,723	1,348,239	709,328	434,156
Delaware	2,876,587	1,348,239	851,194	677,155	Pike	2,152,612	1,348,239	662,040	142,334
Erie	2,812,422	1,348,239	425,597	1,038,586	Portage	3,483,140	1,348,239	851,194	1,283,708
Fairfield	3,144,065	1,348,239	614,751	1,181,075	Preble	2,346,136	1,348,239	567,463	430,435
Fayette	2,127,243	1,348,239	472,886	306,119	Putnam	2,401,026	1,348,239	709,328	343,459
Franklin	20,344,083	1,348,239	803,905	18,191,939	Richland	3,809,654	1,348,239	851,194	1,610,221
Fulton	2,341,062	1,348,239	567,463	425,361	Ross	2,683,359	1,348,239	756,617	578,504
Gallia	2,193,068	1,348,239	709,328	135,501	Sandusky	2,511,617	1,348,239	567,463	595,916
Geauga	2,388,869	1,348,239	756,617	284,013	Scioto	2,598,647	1,348,239	756,617	493,792
Greene	3,943,051	1,348,239	567,463	2,027,349	Seneca	2,822,770	1,348,239	709,328	765,203
Guernsey	2,592,386	1,348,239	898,482	345,665	Shelby	2,624,778	1,348,239	662,040	614,499
Hamilton	11,944,308	1,348,239	567,463	10,028,606	Stark	5,844,305	1,348,239	803,905	3,692,161
Hancock	3,115,143	1,348,239	803,905	962,998	Summit	10,149,123	1,348,239	472,886	8,327,999
Hardin	2,392,188	1,348,239	709,328	334,620	Trumbull	4,508,462	1,348,239	1,134,925	2,025,298
Harrison	2,205,131	1,348,239	709,328	147,564	Tuscarawas	3,517,110	1,348,239	1,040,348	128,523
Henry	2,285,055	1,348,239	614,751	322,065	Union	2,335,368	1,348,239	662,040	325,089
Highland	2,440,512	1,348,239	803,905	288,368	Van Wert	2,232,338	1,348,239	567,463	316,637
Hocking	2,038,937	1,348,239	520,174	170,524	Vinton	1,996,186	1,348,239	567,463	80,484
Holmes	2,120,948	1,348,239	662,040	110,669	Warren	3,363,443	1,348,239	520,174	1,495,030
Huron	3,022,927	1,348,239	898,482	776,205	Washington	2,941,057	1,348,239	1,040,348	552,470
Jackson	2,204,433	1,348,239	567,463	288,731	Wayne	3,232,283	1,348,239	756,617	1,127,428
Jefferson	2,804,798	1,348,239	662,040	794,520	Williams	2,352,905	1,348,239	567,463	437,203
Knox	2,793,895	1,348,239	1,040,348	405,308	Wood	3,542,050	1,348,239	898,482	1,295,329
Lake	5,035,973	1,348,239	236,443	3,451,291	Wyandot	<u>2,236,567</u>	<u>1,348,239</u>	<u>614,751</u>	<u>273,577</u>
Lawrence	2,440,710	1,348,239	662,040	430,432	TOTAL	\$317,250,014	\$118,645,013	\$61,969,659	\$136,635,342
Licking	4,252,928	1,348,239	1,182,214	1,722,475					

* County total may not add due to rounding.