

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 is 15 cents per gallon and the total of the excise tax rates is 22 cents per gallon.

After amounts are set aside for refunds and highway bond retirement, 0.75 percent of revenue from the tax 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. Also, an amount totaling \$100,000 is transferred each month to the Grade Crossing 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. Table 39 on page 76 shows the amount distributed for fiscal year 2000. 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 2000, the reported motor fuel tax liability totaled \$1,432.9 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; unli-

censed motor vehicles used exclusively in intraplant 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 became effective on July 1, 1981, with annual adjustments occurring on March 1, 1982, and March 1, 1983. At that 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. The rate was specified at 11 cents per gallon effective July 15, 1989, and 13 cents per gallon effective July 1, 1990. Effective July 1, 1991, the rate was calculated to increase to 14 cents per gallon, and was calculated to be 15 cents per gallon effective July 1, 1993. The use of a formula to calculate the cents per gallon rate was discontinued after the July 1993 increase.

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 partially 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 2000, \$66.9 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. Waterways Safety Fund receives 0.75 percent. (R.C. Section 5735.051)
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). (R.C. Section 5735.23)

The distribution of the five levies is as follows:

1. *2 cents per gallon* (R.C. Sections 5735.05, 5735.23):
 - 2/17 of \$100,000 is transferred monthly to the Grade Crossing Fund with the remainder distributed as follows:
 - 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.

**Table 39
Distributions of Motor Fuel Tax, Fiscal Year 2000**

Distribution	Dollar Amount	Percentage
State Highway Operating Fund	\$898,348,643	63.9%
Local Transportation Improvement Program Fund	63,463,676	4.5%
State Highway Bond Retirement	97,160,956	6.9%
For Distribution to Municipalities	142,068,371	10.1%
For Distribution to Counties	123,355,678	8.8%
For Distribution to Townships	66,356,012	4.7%
Other ⁽¹⁾	<u>14,192,388</u>	<u>1.0%</u>
TOTAL	\$1,404,945,724	100.0%

⁽¹⁾ Includes Grade Crossing Fund, Waterway Safety Fund, and amounts distributed to Ohio Turnpike Commission.

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 transferred to the Local Transportation Improvement Program Fund and 15/17 of \$100,000 is transferred monthly to the Grade Crossing 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.

House Bill 217; effective February 1, 1998.

R.C. 5728.08 - Motor fuel use tax is to be paid annually, instead of quarterly, on farm trucks that consume less than 15,000 gallons of fuel annually. On other farm trucks, the tax may be paid quarterly or annually.

House Bill 210; effective July 1, 1997.

R.C. 5735.145, 5735.146 - Repeals the Qualified Fuel Credit on ethanol effective July 1, 1997.

Table 40
**Motor Vehicle Fuel Tax Gross Collections Reported on Tax Returns,
 Refunds and Net Tax After Refunds, Fiscal Years 1996-2000**

Fiscal Year	Gross Collections	Refunds	Net Tax After Refunds
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
2000	1,447,471,621	14,513,684	1,432,957,937

Table 41
Taxable Gallons of Motor Vehicle Fuel, Fiscal Years 1996-2000

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Gasoline	4,830,942,094	4,861,724,341	4,954,771,731	5,046,826,237	5,081,430,735
Special Fuels*	<u>1,208,732,760</u>	<u>1,284,285,221</u>	<u>1,355,026,467</u>	<u>1,430,921,397</u>	<u>1,472,626,579</u>
Total	6,039,674,854	6,146,009,562	6,309,798,198	6,477,747,634	6,554,057,314

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

Table 42
Amounts of Motor Vehicle Fuel Tax Revenue Distributed to Local Governments,
by County, Calendar Year 1999

County	A m o u n t D i s t r i b u t e d T o :				County	A m o u n t D i s t r i b u t e d T o :			
	Total*	County	Townships	Municipalities		Total*	County	Townships	Municipalities
Adams	\$2,321,828	\$1,390,485	\$754,383	\$176,961	Logan	\$2,735,120	\$1,390,485	\$854,967	\$489,669
Allen	3,162,280	1,390,485	603,506	1,168,289	Lorain	6,420,955	1,390,485	905,259	4,125,211
Ashland	2,697,664	1,390,485	754,383	552,797	Lucas	8,892,449	1,390,485	553,214	6,948,750
Ashtabula	3,846,454	1,390,485	1,357,889	1,098,080	Madison	2,509,043	1,390,485	704,091	414,468
Athens	2,458,830	1,390,485	704,091	364,255	Mahoning	4,353,735	1,390,485	704,091	2,259,159
Auglaize	2,672,054	1,390,485	704,091	577,478	Marion	3,005,933	1,390,485	754,383	861,066
Belmont	2,892,484	1,390,485	804,675	697,324	Medina	3,934,267	1,390,485	854,967	1,688,815
Brown	2,500,166	1,390,485	804,675	305,006	Meigs	2,138,219	1,390,485	603,506	144,228
Butler	5,421,737	1,390,485	653,798	3,377,454	Mercer	2,561,459	1,390,485	704,091	466,884
Carroll	2,222,521	1,390,485	704,091	127,946	Miami	3,408,846	1,390,485	603,506	1,414,855
Champaign	2,376,968	1,390,485	603,506	382,978	Monroe	2,388,445	1,390,485	905,259	92,701
Clark	3,175,990	1,390,485	502,922	1,282,583	Montgomery	10,279,208	1,390,485	460,958	8,427,765
Clermont	2,528,797	1,390,485	704,091	434,222	Morgan	2,168,551	1,390,485	704,091	73,976
Clinton	2,576,465	1,390,485	653,798	532,181	Morrow	2,345,932	1,390,485	804,675	150,773
Columbiana	3,315,897	1,390,485	905,259	1,020,153	Muskingum	3,354,828	1,390,485	1,257,305	707,039
Coshocton	2,859,323	1,390,485	1,106,428	362,410	Noble	2,211,082	1,390,485	754,383	66,215
Crawford	2,838,066	1,390,485	804,675	642,906	Ottawa	2,370,602	1,390,485	603,506	376,611
Cuyahoga	23,839,904	1,390,485	100,584	22,348,835	Paulding	2,188,274	1,390,485	603,506	194,283
Darke	2,959,614	1,390,485	1,005,844	563,286	Perry	2,359,664	1,390,485	704,091	265,089
Defiance	2,442,987	1,390,485	603,506	448,996	Pickaway	2,603,116	1,390,485	754,383	458,249
Delaware	3,026,969	1,390,485	905,259	731,225	Pike	2,240,290	1,390,485	704,091	145,715
Erie	2,912,654	1,390,485	452,630	1,069,540	Portage	3,631,887	1,390,485	905,259	1,336,143
Fairfield	3,260,819	1,390,485	653,798	1,216,536	Preble	2,444,781	1,390,485	603,506	450,790
Fayette	2,210,920	1,390,485	502,922	317,514	Putnam	2,499,679	1,390,485	754,383	354,812
Franklin	21,184,814	1,390,485	854,967	18,939,362	Richland	3,932,248	1,390,485	905,259	1,636,504
Fulton	2,437,083	1,390,485	603,506	443,092	Ross	2,786,751	1,390,485	804,675	591,591
Gallia	2,281,291	1,390,485	754,383	136,424	Sandusky	2,614,009	1,390,485	603,506	620,019
Geauga	2,485,477	1,390,485	804,675	290,317	Scioto	2,733,095	1,390,485	804,675	537,935
Greene	4,095,836	1,390,485	603,506	2,101,845	Seneca	2,923,599	1,390,485	754,383	778,731
Guernsey	2,685,729	1,390,485	955,552	339,693	Shelby	2,729,343	1,390,485	704,091	634,768
Hamilton	11,699,951	1,390,485	603,506	9,705,960	Stark	6,086,717	1,390,485	854,967	3,841,266
Hancock	3,252,742	1,390,485	854,967	1,007,290	Summit	10,510,945	1,390,485	502,922	8,617,538
Hardin	2,491,950	1,390,485	754,383	347,083	Trumbull	4,670,085	1,390,485	1,207,013	2,072,588
Harrison	2,299,140	1,390,485	754,383	154,272	Tuscarawas	3,669,071	1,390,485	1,106,428	1,172,158
Henry	2,378,257	1,390,485	653,798	333,974	Union	2,451,805	1,390,485	704,091	357,229
Highland	2,547,932	1,390,485	854,967	302,480	Van Wert	2,321,819	1,390,485	603,506	327,828
Hocking	2,117,321	1,390,485	553,214	173,622	Vinton	2,076,248	1,390,485	603,506	82,258
Holmes	2,209,003	1,390,485	704,091	114,428	Warren	3,487,693	1,390,485	553,214	1,543,994
Huron	3,154,580	1,390,485	955,552	808,543	Washington	3,052,426	1,390,485	1,106,428	555,513
Jackson	2,292,788	1,390,485	603,506	298,798	Wayne	3,361,654	1,390,485	804,675	1,166,494
Jefferson	2,916,067	1,390,485	704,091	821,492	Williams	2,447,549	1,390,485	603,506	453,558
Knox	2,921,014	1,390,485	1,106,428	424,101	Wood	3,708,426	1,390,485	955,552	1,362,390
Lake	5,224,702	1,390,485	251,461	3,582,756	Wyandot	<u>2,327,621</u>	<u>1,390,485</u>	<u>653,798</u>	<u>283,338</u>
Lawrence	2,530,866	1,390,485	704,091	436,291					
Licking	4,454,439	1,390,485	1,257,305	1,806,649	TOTAL	\$329,119,842	\$122,362,680	\$65,840,802	\$140,916,393

* County total may not add due to rounding.