

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, 2003, increased from 22 cents to 24 cents per gallon and is scheduled to increase to 26 cents per gallon effective July 1, 2004.

MAJOR EXEMPTIONS

Refunds, credits, and deductions for 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)

Fiscal Year	Total
2000	\$1,404.9
2001	1,307.3
2002	1,383.3
2003	1,456.1

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 percent of revenue is allocated to the Waterways Safety Fund, 0.125 percent to the Wildlife Boater-Angler Fund, and 0.275 percent to the Motor Fuel Tax Administrative Fund.

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Of the remaining revenue, the equivalent of one cent of the 24 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:

- 71.8 percent to the State of Ohio;
- 12.1 percent to municipal corporations;
- 10.5 percent to counties; and
- 5.6 percent to townships.

PAYMENT DATES

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, 2003 to June 30, 2004 includes one levy of four cents (increased from two cents effective July 1, 2003); 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.

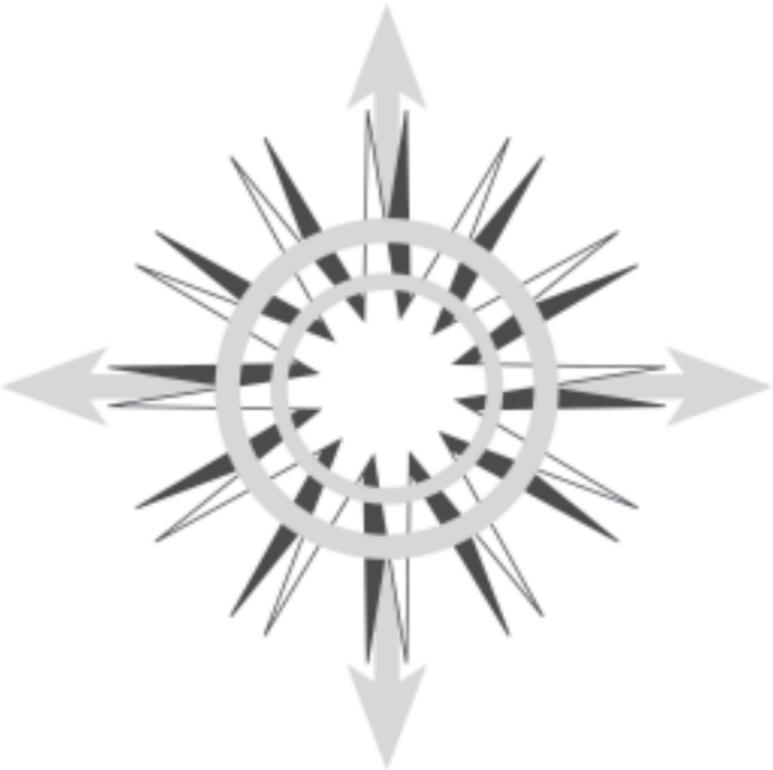


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HISTORY OF MAJOR CHANGES

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(1)	• 2.0 cents per gallon increase	26.0 cents

Note: (1) This increase is scheduled to take effect July 1, 2004.



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COMPARISONS WITH OTHER STATES (AS OF 1/04)

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

	Tax Rate		Sales Tax Applicable
	(cents per gallon)		
	<u>Gasoline</u>	<u>Diesel Fuel</u>	
California(1)	18.00	18.00	Yes
Florida(2)	24.00	27.00	Yes
Illinois(3)	26.90	29.60	Yes
Indiana(4)	18.00	16.00	Yes
Kentucky(5)	16.40	13.40	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)	22.60	20.85	Yes
Ohio(9)	24.00	24.00	No
Pennsylvania(10)	26.20	31.20	No
Texas	20.00	20.00	No
West Virginia(11)	20.50	20.50	Yes

Source: *Commerce Clearing House, International Fuel Tax Administration, and state revenue departments. All rates as of January 1, 2004.*

Notes: (1) Sales tax rate on the sale of gasoline is 5.75 percent. (2) Total rate shown composed of two levies: state taxes of 14.3 cents and mandatory local levy of 9.7 cents. Sales tax rate on the sale of gasoline is 6.0 percent. (3) Data from Illinois Revenue Department. Sales tax rate on the sale of gasoline is 6.25 percent. 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; Kane County, 2.0 cents; and McHenry County, 2.0 cents. (4) Sales tax rate on the sale of gasoline is 5.0 percent. (5) Data according to the State of Kentucky. (6) Data according to the State of Michigan. Sales tax rate on the sale of gasoline is 6.0 percent. (7) Rate includes a 4.0 cents per gallon petroleum products excise tax (gasoline, \$0.146 per gallon; diesel, \$0.1285 per gallon) 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 percent. (9) Motor vehicle fuel tax rate is scheduled to increase by 2.0 cents, from 24 to 26 cents, on July 1, 2004. (10) The gasoline and diesel fuel tax rates include a permanent 12.0 cents per gallon excise tax and an oil company franchise tax. (11) Sales tax rate on the sale of gasoline is 4.85 percent.