

## 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)

<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

### 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.

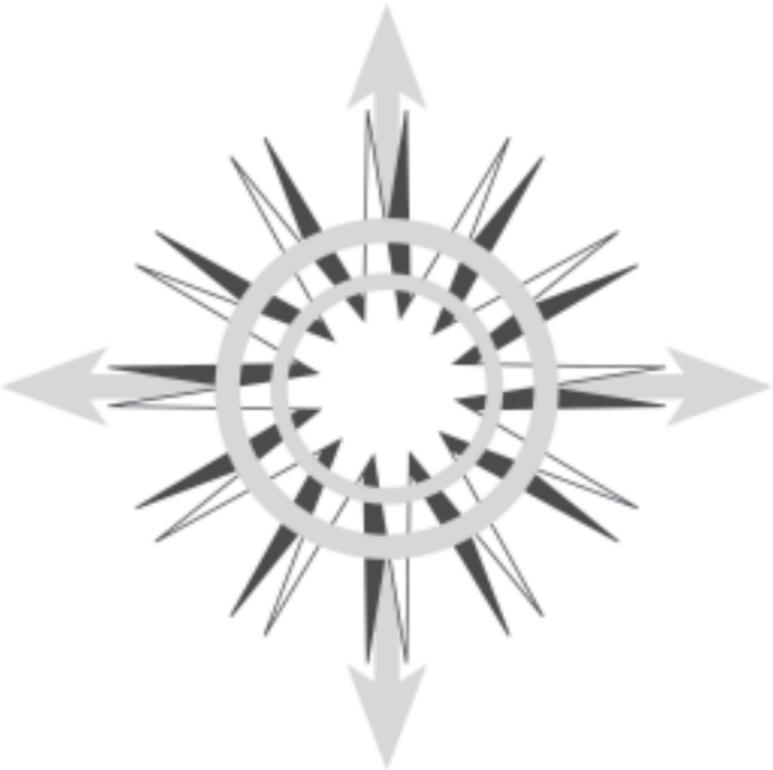


## MOTOR VEHICLE FUEL TAX

### HISTORY OF MAJOR CHANGES

<b>Year</b>	<b>Change</b>	<b>Total Tax After Change</b>
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)		
	Gasoline	Diesel Fuel	
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
<b>Ohio(9)</b>	<b>24.00</b>	<b>24.00</b>	<b>No</b>
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.

## 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)

<b>Fiscal</b>	
<b>Year</b>	<b>Total</b>
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.

# MOTOR VEHICLE FUEL USE TAX

## 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.



## MOTOR VEHICLE FUEL USE TAX

### COMPARISONS WITH OTHER STATES (AS OF 01/04)

<u>State</u>	<b>Tax Rate</b> (cents per gallon)		<b>Sales Tax</b> <b>Applicable</b>
	<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
<b>Ohio(8)</b>	<b>27.00</b>	<b>27.00</b>	<b>No</b>
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.

# MOTOR VEHICLE LICENSE TAX

## TAXPAYER

Operators of motor vehicles on the public roads or highways.

## TAX BASE

Motor vehicles operated upon the public roads or highways of Ohio. Commercial vehicles based in Ohio and in other states pay a prorated tax based on the ratio of the mileage traveled in Ohio to total mileage.

## RATES

Rates listed are for a 12-month period. Registrations for partial years are prorated. The rates reflect an \$11 increase enacted in 2003. This increase replaces gas tax revenue transferred from the Ohio Highway Patrol and administration of the Department of Public Safety to the Ohio Department of Transportation for distribution to counties, municipalities, and townships.

Passenger cars	\$31
Motorcycles	25
House trailers, travel trailers	21
Transit buses	23
Non-commercial trucks (no more than $\frac{3}{4}$ ton) and motor homes	46
Non-commercial trucks (more than $\frac{3}{4}$ ton and less than 1 ton)	81
Commercial trailers, semi-trailers	36

### Commercial trucks, and tractors:

Rates vary between several weight classes depending on the gross weight of the vehicle. For example, for vehicles with a gross weight under 2,001 lbs., the tax is \$45. For vehicles with a gross weight between 78,001 lbs. and 80,000 lbs., the tax is \$1,340 plus the \$11 fee increase.

### Non-commercial trailers:

Rates vary between several weight classes depending on the gross weight of the vehicle. For example, for vehicles with a gross weight of no more than 3,000 lbs., the tax ranges from \$5 to \$31 plus the \$11 fee increase.

### Motor Buses:

Rates vary between several weight classes depending on the gross weight of the vehicle. For example, for vehicles with a gross weight under 2,001 lbs., the tax is \$10. For vehicles with a gross weight between 78,001 and 80,000 lbs., the tax is \$1,630 plus the \$11 fee increase.

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### Farm Trucks:

Rates vary between several weight classes depending on the unladen vehicle weight. For example, for vehicles with an unladen weight under 3,001 lbs., the tax is \$5 plus \$0.50 per 100 lbs. For vehicles over 10,001 lbs. unladen weight, the tax is \$125 plus \$2.25 per 100 lbs. plus the \$11 fee increase.

**Notes:** *The registration fees shown above include the additional \$11 fee increase for registrations that expired on or after October 1, 2003, and do not include permissive (local) taxes which vary based on the taxing district of the customer. Permissive tax cannot exceed \$20 per vehicle and may be prorated, by law, by 50 percent, if registering for less than six months.*

### MAJOR EXEMPTIONS

Vehicles owned and operated by the federal or state government or by political subdivisions of the State of Ohio.

Publicly-owned school buses used for transporting public school pupils; privately-owned school buses used exclusively for transporting private or public school pupils to and from school or school functions.

Vehicles registered in another state until owner becomes an Ohio resident.

Historical Registrations — vehicles more than 25 years old.

### REVENUE (IN MILLIONS)

<b>Fiscal</b>	
<b>Year</b>	<b>Total</b>
2000	\$661.4
2001	656.9
2002	670.2
2003	673.3

### DISPOSITION OF REVENUE

The Highway Bond Retirement Fund and the Highway Operating Fund are allocated 42.6 percent of the revenue from commercial vehicles having gross vehicle weights of 26,000 lbs. or more. After any bond retirement obligations are met and payment is made to an administration fund for the tax, the remaining revenues are distributed as follows:

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- 34 percent to municipal corporation or county of registration;
- 47 percent to county in which vehicle owner resides;
- 9.0 percent to counties in the ratio of the number of miles of county roads to the state total;
- 5.0 percent to townships in the ratio of the number of miles of township roads to the state total; and
- 5.0 percent divided equally among counties.

### PAYMENT DATES

Commercial vehicles: March 1 - May 31.

Passenger cars and noncommercial vehicles are required to be registered annually by the owner's birthdate.

### SPECIAL PROVISIONS/CREDITS

Several sections of the Ohio Revised Code give counties, municipalities and townships the option to enact an additional \$5.00 per vehicle local permissive tax levy. In 2003, counties had the authority to enact three different levies. Municipalities could enact four different levies, and townships had the authority to enact one levy.

The total permissive tax levy, however, cannot exceed \$20 per district (the combination of all county, municipal and township levies).

Special license plate numbers or letter combinations are available at an additional cost.

Dealers of manufactured homes and existing mobile homes must pay the motor vehicle license tax. If owned and situated in Ohio prior to January 1, 2000, owners of property may elect to be taxed under the manufactured home tax or surrender title and be taxed like real property. If owned and situated in Ohio after January 1, 2000, manufactured homes and existing mobile homes are treated like real property.

### SECTIONS OF OHIO REVISED CODE

Chapters 4501, 4503 and 4504.

### RESPONSIBILITY FOR ADMINISTRATION

The Registrar of the Bureau of Motor Vehicles is the primary administrator; the county auditor and one or more persons in each county are designated by the Registrar to act as deputy registrars.

## MOTOR VEHICLE LICENSE TAX

### HISTORY OF MAJOR CHANGES

- 1906 • Registration fee of \$5 for all gasoline or steam motor vehicles enacted.
- 1920 • Separate license taxes for motorcycles, passenger cars, and commercial vehicles enacted.
- 1925 • Graduated rate schedule for commercial vehicles enacted.
- 1932 • Rates increased for motorcycles, passenger cars, and commercial vehicles; method of revenue distribution amended.
- 1937 • Rate schedule on farm trucks enacted.
- 1948 • Passenger car levy increased to \$10.
- 1949 • Separate levy on house trailers enacted.
- 1951 • Separate graduated rate schedule on motor buses enacted; levy on commercial vehicles increased.
- 1953 • Department of Highway Safety (containing the Bureau of Motor Vehicles) created; current method of revenue distribution enacted.
- 1957 • Separate levy on transit buses enacted.
- 1967 • Counties and municipalities permitted to levy \$5 permissive license tax.
- 1980 • Permissive authority given to Bureau of Motor Vehicles to have registration by mail.
  - Rates on passenger cars, motorcycles, house and travel trailers doubled; rates on all other vehicles increased.
- 1987 • Additional authority given to counties, municipalities.
- 1988 • Registration according to owner's birthdate enacted.
  - Bureau of Motor Vehicles required to begin mail registration.

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- 1989 • Legislation enacted which converted the fee structure of commercial vehicle registrations from unladen weight to gross vehicle weight as of June, 1991.
- 1996 • Seven-digit plate issued to provide more combinations.
- 2000 • Oplates.com – Ohio’s online registration program – began.
- 2001 • Bicentennial plates issued to commemorate 200th anniversary of Ohio’s statehood.
- 2002 • Phased-in increases of operational fees paid to deputy registrars goes from \$2.25 to \$2.75 in 2001, and to \$3.25 in 2003.
- 2003 • Registration fees increased by \$11 to compensate for revenue transferred from the Ohio Highway Patrol and the Department of Public Safety to the Department of Transportation for distribution to counties, municipalities, and townships.

### COMPARISONS WITH OTHER STATES (AS OF 12/03) (1)

<u>State</u>	<u>Passenger Cars</u>	<u>Commercial Vehicles</u>
<b>California</b>	\$45.60, plus 2.0 percent of market value. Applies to all California registrations.	\$1,173
<b>Florida</b>	\$27.60 - \$45.60, depending on weight.	\$695
<b>Illinois</b>	\$78	\$1,970
<b>Indiana</b>	\$20.75 plus an excise tax of \$12 - \$532, based on selling price when new and age of vehicle.	\$820

**Note:** (1) Comparisons based on a truck of 60,000 lbs. gross weight. Estimate of fees does not consider additional variable fees legislated by state and local governments, as well as miscellaneous state and/or local exemptions that might increase the fee charged.

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<b>Kentucky</b>	\$11.50	\$1,007
<b>Massachusetts</b>	\$30 one-time fee, plus excise tax of \$25 per \$1,000 of value based on age of vehicle.	\$900
<b>Michigan</b>	Pre-1984 models, \$29 to \$95 based on weight up to 10,000 lbs., 90 cents per 100 lbs. for vehicles weighing over 10,000 lbs. Post-1984 models, tax ranges from \$30 - \$148 (dependent on price) or 0.5 percent of list price.	\$1,268
<b>New Jersey</b>	\$32.50 - \$81.00, based on weight and model year.	\$955
<b>New York</b>	Variable based on weight: Under 3,500 lbs. = \$22.50 1,650 lbs. and above = \$22.50, plus 97 cents per every 100 lbs. over 3,500 lbs.	\$931
<b>Ohio</b>	<b>\$31</b>	<b>\$866</b>
<b>Pennsylvania</b>	\$36	\$999
<b>Texas</b>	\$40.50 - \$58.50 based on model year for vehicles weighing 100 lbs. up to 6,000 lbs. \$25 plus 90 cents per 100 lbs. for vehicles weighing over 6,000 lbs.	\$594
<b>West Virginia</b>	\$30	\$816

