



**H.B. 415**

126th General Assembly  
(As Introduced)

Reps. Harwood, Healy, Yuko, Sayre, Skindell, Allen, Carano, Distel,  
DeGeeter, Fende, Boccieri

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**BILL SUMMARY**

- Replaces the partial 6¢-per-gallon refund of motor fuel taxes for school districts with a total exemption from the 28¢-per-gallon tax.
- Expressly extends the exemption to fuel used for any school operations, rather than just for fuel used in buses and other pupil transport vehicles.

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**CONTENT AND OPERATION**

**Motor fuel tax--existing law**

(R.C. Chapter 5735.)

Gasoline, diesel fuel, and other forms of "motor fuel" used by vehicles operated on public roads or on Ohio waterways are subject to a 28¢-per-gallon state tax. Generally, the tax is payable by the first person to receive fuel in Ohio, including dealers importing fuel from elsewhere into a terminal in Ohio, persons bringing bulk lots into Ohio for sale or distribution in Ohio, and refiners refining fuel in Ohio. There are several existing exemptions from the tax, mostly for fuel received but not ultimately used to power vehicles on public roads or on Ohio waterways. Existing law also allows for refunds in some cases when the tax has already been paid, including for fuel used by local transit system buses (but only for 27¢ per gallon), fuel used off-road or by aircraft, fuel used in cleaning and dying, fuel used by commercial vessels on Ohio waterways, and fuel purchased by the United States government and its agencies.

**Current partial refund for school districts**

Refunds also are available for 6¢ of the 28¢-per-gallon rate for fuel used by school districts (including educational service centers and joint vocational school districts). This 6¢ partial refund represents a "hold harmless" against the 6¢-per-

gallon tax rate increase that occurred in three 2¢-per-gallon increments between July 2003 and July 2005. In effect, therefore, school districts pay 22¢ per gallon in motor fuel taxes. (R.C. 5735.142.)

The partial refund does not apply to fuel sold to a company under contract with a school district to transport pupils, but it does apply to fuel purchased by a school district and provided, without charge, to a company contracting with the district to transport students. The partial refund also applies to fuel purchased by a school district for use in transporting students to private or alternative schools. (Ohio Department of Taxation Information release XT 2003-8, July 7, 2003.)

Although the refund statute states that the partial refund is available for fuel used in school buses and other vehicles used to transport students, a Department of Taxation information release states that the partial refund applies to all purchases of fuel used for school district operations, including, for example, transporting students, operating service vehicles, and operating equipment such as lawn mowers. (Information release XT 2003-8, July 7, 2003.)

### **Proposed exemption for school district fuel purchases**

The bill replaces the partial refund with a total exemption from motor fuel taxes. The exemption applies to all fuel purchased for school district or educational service center operations, not just for fuel used in school buses and other student transport vehicles. Thus, the new exemption language conforms with how the current partial refund apparently is applied as indicated in the July 7, 2003, information release--i.e., to all fuel purchased for use in school district and educational service center operations.

To qualify for the exemption, the purchaser of the fuel must execute and present an exemption certificate prescribed by the Tax Commissioner. (R.C. 5735.05(A)(11).) The exemption certificate certifies that the fuel has been purchased exclusively for school district or educational service center operations.

As with other exemptions, the dealer selling the fuel must include in the dealer's monthly fuel tax report a statement showing the number of gallons exempted, in this case on the grounds that the fuel was sold to a school district or educational service center. (R.C. 5735.06(A)(3)(f).)

### **Application date**

(Section 3)

The exemption begins to apply with the first month beginning after the bill's effective date.



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## **HISTORY**

ACTION	DATE
Introduced	11-15-05

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