



Bethany Boyd

Bill Analysis
Legislative Service Commission

S.B. 200

126th General Assembly
(As Introduced)

Sens. Hagan, Roberts, Dann, Fingerhut, Miller, Zurz, Fedor

BILL SUMMARY

- Exempts from the state motor fuel tax, fuel sold to a city, local, exempted village, or joint vocational school district or an educational service center for use exclusively for school district or service center operations.
- Clarifies that the exemptions listed in the motor fuel tax law are exempt from all five motor fuel taxes.

CONTENT AND OPERATION

Overview of tax levied on motor fuel

(R.C. 5735.05 and 5735.06)

Ohio imposes an excise tax on motor fuel dealers for the use, distribution, and sale in Ohio of motor fuel. The tax is 28¢ on each gallon received in Ohio, consisting of 5 separate levies: two of 2¢ per gallon each, one of 8¢ per gallon, one of 1¢ per gallon, and one, the "cents per gallon rate" computed by the Tax Commissioner, of 15¢ per gallon. Revenue from the levies is used for various purposes, such as maintaining state highways, bridge repair, turnpike projects, and the repayment of state highway debt.

Tax exemptions and refunds

Exemptions

Continuing law exempts some sales of motor fuel from the motor fuel tax; for example, fuel sold to the United States government and its agencies or fuel used for operating aircraft is exempt from taxation. In both cases, the purchaser must execute an exemption certificate, prescribed by the Tax Commissioner, certifying that the motor fuel purchased has been purchased for the exclusive use

of the United States government and its agencies, or in the operation of aircraft, respectively.

Refunds

Continuing law also requires certain fuel users to pay the motor fuel tax and subsequently file an application for a refund of the taxes paid. Among the fuel users currently eligible for tax refunds are persons using fuel in transit buses operated as part of local public transit systems, and city, exempted village, joint vocational, or local school districts or educational service centers that purchase any motor fuel for school district or service center operations.

Exemption for school district or educational service center operations

(R.C. 5735.05(A)(11) and 5735.142(A)(2), (B), and (C))

The bill eliminates the tax refund for city, local, exempted village, or joint vocational school districts or educational service centers, and instead outright exempts from the motor fuel tax the sale to a city, local, exempted village, or joint vocational school district or an educational service center of motor fuel that is used exclusively for school district or service center operations. To obtain the exemption, the purchaser must execute a certificate of exemption, prescribed by the Tax Commissioner, certifying that the motor fuel purchased has been purchased exclusively for school district or educational service center operations.

Report of gallons exempted

(R.C. 5735.06(A)(3)(f))

As a result of the new exemption, the bill requires that motor fuel dealers include with their monthly reports to the Tax Commissioner an itemized statement of the number of gallons of motor fuel sold in the preceding month to a school district or an educational service center.

Clarification

(R.C. 5735.05(A))

The bill clarifies that the exemptions listed in the motor fuel tax law are exempt from all five taxes discussed above in "**Overview of tax levied on motor fuel.**"

Effective date

(Section 3)

The bill's changes first apply on the first day of the month following the bill's effective date.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-13-05	p. 1493

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