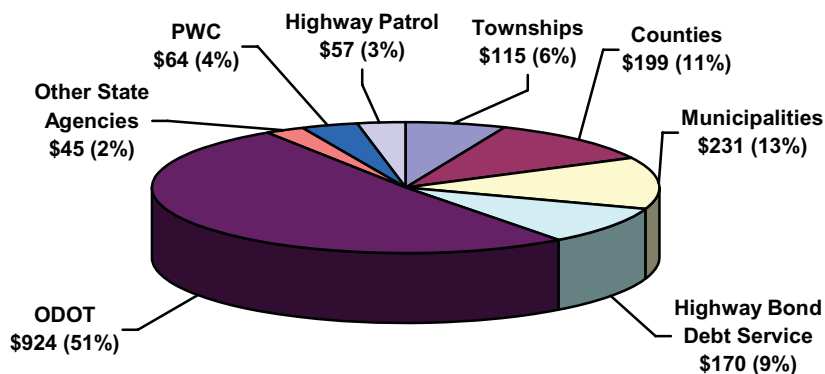


Motor Fuel Tax in Ohio

**FY 2006 State Motor Fuel Tax Revenue Distribution
(\$ millions)**



Source: Ohio Department of Transportation

- In FY 2006, the state collected approximately \$1.82 billion in motor fuel tax revenue. Revenue collections in FY 2006 increased 8.6% above FY 2005 collections of \$1.67 billion largely from the recent motor fuel tax increases.
- Am. Sub. H.B. 87 of the 125th General Assembly increased the former 22¢ per gallon motor fuel tax rate by 2¢ per gallon each year over three years, resulting in a total state tax rate of 24¢ per gallon in FY 2004, 26¢ per gallon in FY 2005, and 28¢ per gallon in FY 2006. The 28¢ per gallon tax rate applies to gasoline, diesel, and gasohol.
- As part of a plan to provide more revenue to local governments, Am. Sub. H.B. 87 also began to phase out the Highway Patrol's use of motor fuel tax revenue and offset the revenue reduction through increased motor vehicle fees. Starting in FY 2004 and continuing to FY 2008, the Patrol's former motor fuel tax allocation of approximately \$186 million will be reduced each fiscal year by 25%, 50%, 70%, 80%, and 100% and transferred to local governments for road and bridge projects.
- At 28¢ per gallon, Ohio's motor fuel tax rate for gasoline ranks 4th highest in the nation behind Pennsylvania, Rhode Island, and North Carolina.
- Motor fuel in Ohio is also taxed by the federal government at a rate of 18.4¢ per gallon. Coupled with the FY 2006 state tax rate of 28¢ per gallon, motor fuel purchased by motorists in Ohio includes total taxes of 46.4¢ per gallon.

Ohio's Motor Vehicle License Taxes

Distributions to Local Governments for Roads and Bridges, 2005 (Dollars in millions)

Local Government	State Motor Vehicle License Tax	Permissive Local Motor Vehicle License Taxes	Total
Counties	\$234.6	\$89.7	\$324.3
Municipalities	\$61.3	\$44.2	\$105.5
Townships	\$15.5	\$12.6	\$28.1
Total	\$311.4	\$146.5	\$457.9

Source: Ohio Department of Public Safety

- In Ohio, subject to certain exceptions, all motor vehicles must be registered annually and pay a state motor vehicle license tax. The total tax for a passenger car is \$34.50, with various rates for other vehicles. Commercial trucks and tractors are taxed according to weight.
- Approximately 12 million vehicles were registered in calendar year (CY) 2005, including 8,331,925 passenger cars.
- After bond retirement obligations (42.6% of collected revenues) and administrative expenses (5% of collected revenues, using a five-year average) are met, the remaining state motor vehicle tax revenues are distributed to local governments, to be used for the planning, construction, and maintenance of public highways and roads, and for other related purposes. In CY 2005, the amount of state motor vehicle tax revenues distributed to local governments totaled \$311.4 million.
- Counties have the authority to enact up to \$15 in motor vehicle license taxes in three separate increments of \$5 each. If the county has not enacted a motor vehicle license tax, then the municipality has the authority to enact up to \$20 in motor vehicle license taxes in four separate increments of \$5 each. Townships may levy an additional \$5 motor vehicle license tax, regardless of any action by the county. If all authorities are implemented by the county, municipality, or township, the maximum additional local permissive motor vehicle tax in any county is \$20.
- All of these permissive local motor vehicle taxes are collected and distributed by the state to be used for roads and bridges and associated purposes. In CY 2005, the amount of local permissive motor vehicle tax revenues distributed to local governments totaled \$146.5 million.
- The total amount paid annually in state and local permissive motor vehicle license taxes for a passenger car depends on the county in which the car is registered and ranges from \$34.50 to \$54.50.