Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Am. H.B. 217** DATE: **June 2, 1997**

STATUS: **As Passed by the House** SPONSOR: **Rep. Damschroder**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Annual highway use tax payment for certain farm trucks**

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
Highway Obligations Bond Retirement Fund			
Revenues	- 0 -	Loss depending on how many of the 36,000 farm trucks affected	-0-
Expenditures	- 0 -	-0-	-0-
Highway Operating Fund			
Revenues	- 0 -	Loss depending on how many of the 36,000 farm trucks affected	-0-
Expenditures	- 0 -	- 0 -	- 0 -
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Minimal decrease	Minimal decrease

- There would be a one-time loss in one quarter's revenue due to the timing of the return (changing from a quarterly to an annual return on trucks consuming less than 15,000 gallons of fuel, and allowing this option on trucks consuming 15,000 or more gallons). This amount can not be estimated since it is not known how many of the 36,000 registered farm trucks pay the fuel use tax. Revenue from this tax source is paid first to retire highway bonds and then to supplement highway construction; thus it affects both the Highway Obligations Bond Retirement Fund and the Highway Operating Fund.

- The Department of Taxation would save money due to fewer returns to process and mail. This savings would be partially offset in the first year due to the cost incurred for changes to computer programs and tax return forms. The Department has not calculated this fiscal impact.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The Highway Use tax is paid[1] by all commercial vehicles with three or more axles that travel Ohio's highways. Under current law, this tax or associated motor vehicle fuel tax on *farm trucks* is paid four times a year (the last day of January, April, July, and October). The bill requires an annual return on the last day of January on those farm trucks that consume less than 15,000 gallons annually. The one annual payment would be optional on those trucks that consume 15,000 gallons or more. This change in timing would result in the loss of one quarter's worth of revenue (January-March) for the first year (assumed to be FY 1998). The amount of the loss can not be determined since it is not known how much revenue is generated from farm trucks alone, nor is it known of those persons liable for trucks that consume 15,000 or more gallons which payment option they would chose. (The total highway use tax generated in FY 1996 was $69.2 million.) Not all of the 36,000 registered farm trucks are classified as commercial (three or more axles) and therefore liable for this tax. As stated before, however, the loss is one-time and would affect two separate funds. This tax revenue is used to retire the debt on highway bonds, and then any balance is used for highway construction.

The Department of Taxation would realize cost savings from this provision due to fewer tax returns to be processed and mailed out. This savings would be greater in future years because of costs for changes in the first year. Changes would be necessary to both computer programs and to the tax return forms. The Department has not made an assessment of these costs or savings.

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[1] The rate is 22 cents per gallon, plus a three-cent per gallon surtax.