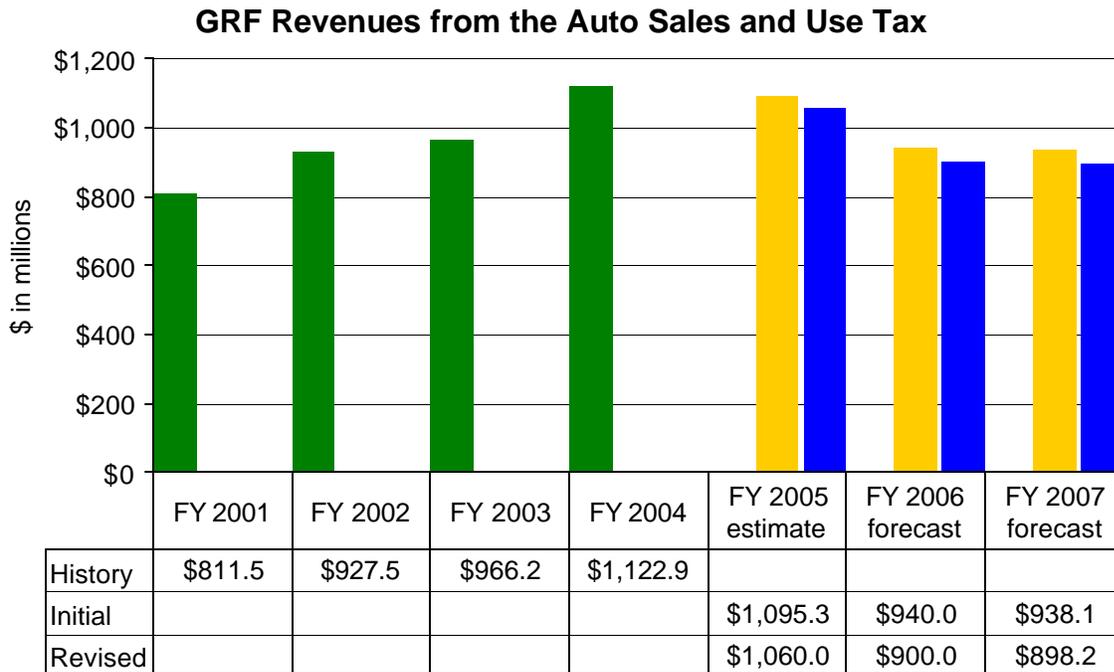


Auto Sales and Use Tax



Estimated GRF revenues for FY 2005 were revised to \$1,060.0 million, down from \$1,095.3 million in the initial baseline forecast. The initial baseline forecast estimated GRF revenues of \$940 million and \$938.1 million in FY 2006 and FY 2007, respectively. The revised baseline forecast is lower. GRF revenues from the auto sales tax are estimated at \$900.0 million in FY 2006 and \$898.2 million in FY 2007.

Current projections for sales of new autos and light trucks in Ohio in the next two years have decreased compared to the projections at the beginning of the year. Also, due to the rise in interest rates that has increased the cost of financing auto purchases and certain types of manufacturers' incentives, the outlook for vehicle leasing has improved compared to the initial forecast. Revenues from auto leases are distributed to the nonauto sales and use tax, which decreases revenues from the auto sales tax. These two factors lead to the downward revisions to estimated revenues from the auto sales tax during the biennium.

The proposed budget increases the sales and use tax rate to 5.5% permanently. Under current law, the sales and use tax rate is to return to 5% on July 1, 2005. The increase in the sales and use tax rate would increase revenues from the auto sales tax by \$90.0 million in FY 2006 and \$89.8 million in FY 2007.