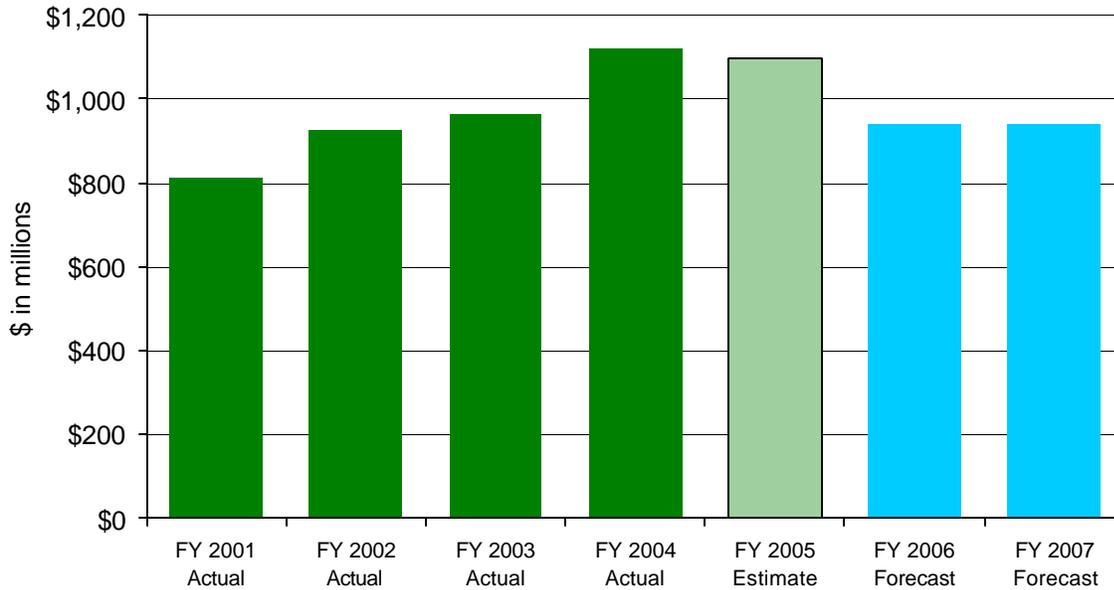


Auto Sales and Use Tax

**GRF Revenues from the Auto Sales and Use Tax**  
 (in millions)



	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Forecast	FY 2007 Forecast
Revenue	\$811.5	\$927.5	\$966.2	\$1,122.9	\$1,095.3	\$940.0	\$938.1
Growth	-1.2%	14.3%	4.2%	16.2%	-2.5%	-14.2%	-0.2%

The forecast for the auto sales and use tax is based on a regression of auto sales tax revenues against expected consumer spending on new autos and light vehicles. Sales of auto and light truck sales have become dependent on the level of incentives provided by dealers and manufacturers. The incentives have also changed the way consumers decide whether to purchase or lease their vehicles. As incentives have varied over the years, the auto sales and use tax has become more volatile. As a result, revenue growth for this tax source is tied to auto incentives. However, the effectiveness of those incentives appears increasingly limited in Ohio.

Although auto sales and use tax revenues grew in FY2002 and FY2003, registrations of new auto and light trucks were flat or declined. Revenue growth in FY2004 was due to the increase in the tax rate, although the auto taxable base decreased about 3.1%. Growth in auto sales and use tax revenues will probably be negative in FY2005 due to a further shrinkage of the auto taxable base. Through December 2004, the auto taxable base has declined by about \$560 million in FY2005 compared to the same period in FY2004. Auto sales and use tax revenues will further decline in FY2006

from the tax rate returning to 5%. It is also expected that customers will delay certain auto purchases into FY 2006 to benefit from the rate decrease.