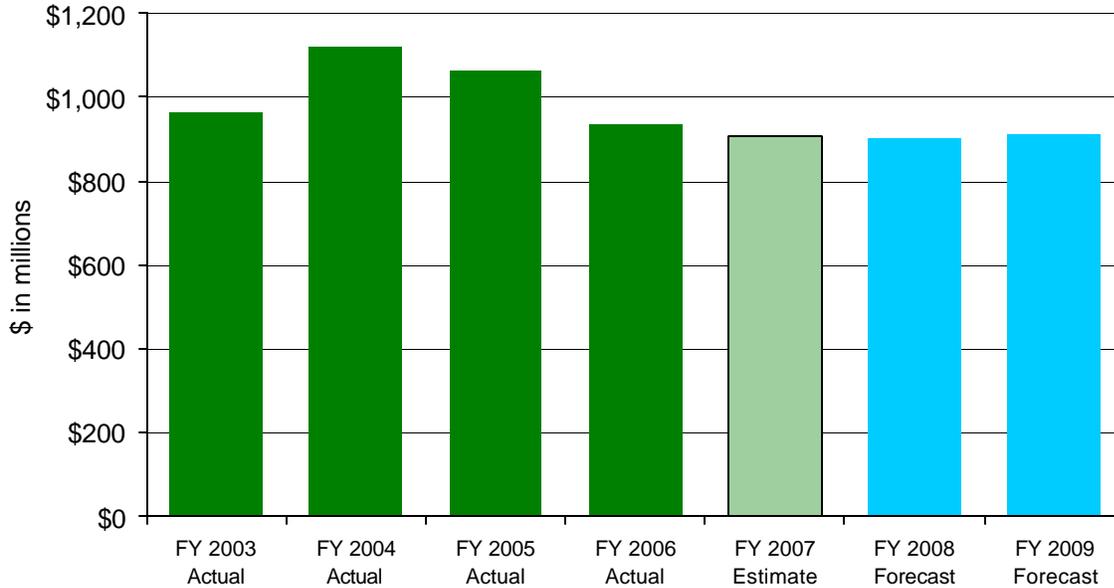


Auto Sales and Use Tax

**GRF Revenues from the Auto Sales and Use Tax**

(in millions)



	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Revenue	\$966.2	\$1,122.9	\$1,064.1	\$936.4	\$904.9	\$903.4	\$914.0
Growth	4.2%	16.2%	-5.2%	-12.0%	-3.4%	-0.2%	1.2%

The forecast for the auto sales and use tax is based primarily on a regression of auto sales and use tax revenues against nationwide unit sales. Estimates were adjusted to reflect actual performance in FY 2006. Auto sales and use tax revenues grew in FY 2003 and FY 2004 from legislative tax changes. Revenue growth in FY 2004 was due to the increase in the tax rate to 6%, but the auto tax taxable base decreased. The auto tax taxable base shrank again in FY 2005 and FY 2006. The decline will continue in FY 2007. (The auto tax taxable base in FY 2007 is expected to be just slightly above the level recorded in FY 2001.) However, Ohio auto sales and registrations are expected to stabilize in FY 2008 and improve in FY 2009.

Auto sales and use tax revenues are affected by incentives and gasoline prices. Over the years, incentives from manufacturers and dealers have changed total unit sales and 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. However, the effectiveness of those incentives to increase unit sales appears increasingly limited in Ohio. Changes in gasoline prices mainly affect the sales mix of auto and light trucks. Higher gasoline prices decrease the sale of light trucks, which in turn restrains the growth of the auto tax taxable base.