



Information Release XT 2019-01, ST 2019-01— Changes to the Motor Fuel Definition, Tax rates and Refunds— June, 2019

The purpose of this information release is to provide guidance to taxpayers following the recent enactment of Am. Sub. H.B. 62 of the 133rd Ohio General Assembly. Some of the major changes are highlighted below.

Motor Fuel

Motor Fuel Definition Changes

Effective July 1, 2019, compressed natural gas (“CNG”) is included in the definition of motor fuel. A definition of CNG has been added to R.C. 5735.01, and the bill provides a gallon-equivalent standard to convert CNG to gallons. The diesel gallon equivalent (“DGE”) standard for compressed natural gas is 139.30 cubic feet, which equals 6.38 pounds. Understanding that CNG is also measured in a gasoline gallon equivalent (“GGE”), the acceptable GGE is 5.66 pounds and must be converted to the statutory DGE for motor fuel reporting purposes; the acceptable conversion formula is as follows:

$$\text{Amount of GGE} / 1.127 = \text{Amount of DGE}$$

Additionally, although a DGE is required for motor fuel reporting, motor fuel dealers are not required to show the DGE on their statements to their customers/retailers.

*See below for the impact on the petroleum activity tax.

Tax Rate Changes

Effective July 1, 2019, motor fuel will be taxed at the following specified rates:

- Gasoline - 38.5 cents per gallon
- Motor fuel other than gasoline or CNG - 47 cents per gallon
- CNG - 10 cents per gallon equivalent (effective July 1, 2019)
- CNG - 20 cents per gallon equivalent (effective July 1, 2020)
- CNG - 30 cents per gallon equivalent (effective July 1, 2021)
- CNG - 40 cents per gallon equivalent (effective July 1, 2022)
- CNG - 47 cents per gallon equivalent (effective July 1, 2023)

Refund Changes

R.C. 5735.142 changes are not effective until July 3, 2019. For any refund claim filed after the effective date of this section, a taxpayer must provide two separate refund claims for the period prior to July 1, 2019 and the period on or after July 1, 2019. The charts below reflect refund claims other than illegal or erroneous payments of tax.

Refund Claims Through July 2, 2019 and Prior (All Fuel Types)

Refund Claim	Rate	Statute of Limitations	Will Sales Tax be Applied?
Industrial Purpose	0.28	1 Year	Yes
Agricultural Purpose	0.28	1 Year	Yes
Transit Buses	0.27	1 Year	No
Sold out of Ohio or to US Government	0.28	1 Year	No
School Districts	0.06	1 Year	No
County Developmental Disabilities Boards	0.28	1 Year	No
Casualty Loss	0.28	60 days	No
Retail Dealer Shrinkage Allowance	0.28	120 Days (after June 30 th and Dec 31 st)	No

Refund Claims Beginning July 3, 2019

Refund Claim	Gasoline Rate	CNG** Rate	Diesel (And All Other Fuel Types) Rate	Statute of Limitations	Will Sales Tax be Applied?
Industrial Purpose	0.385	0.10	0.47	1 Year	Yes*
Agricultural Purpose	0.385	0.10	0.47	1 Year	Yes*
Transit Buses	0.375	0.09	0.46	1 Year	No
Transit Bus Contractor	0.375	0.09	0.46	1 Year	No
Sold out of Ohio or to US Government	0.385	0.10	0.47	1 Year	No
School Districts	0.165	n/a	0.25	1 Year	No
School District Contractor	0.165	n/a	0.25	1 Year	No
County Development Disabilities Board	0.165	n/a	0.25	1 Year	No
County Development Disabilities Board Contractor	0.165	n/a	0.25	1 Year	No
Casualty Loss	0.385	0.10	0.47	60 days	No
Retail Dealer Shrinkage Allowance	0.385	0.10	0.47	120 Days (after June 30 th and Dec 31 st)	No

*See below for an explanation of the sales taxability of certain fuel which is the subject of a motor fuel refund claim.

** Sales tax refund amounts will change based on the phase-in of the CNG Rate.

Refund Claims Beginning July 1, 2020

Refund Claim	July 1, 2020 CNG Rate	July 1, 2021 CNG Rate	July 1, 2022 CNG Rate	July 1, 2023 CNG Rate
Industrial Purpose	0.20	0.30	0.40	0.47
Agricultural Purpose	0.20	0.30	0.40	0.47
Transit Buses	0.19	0.29	0.39	0.46
Transit Bus Contractor	0.19	0.29	0.39	0.466
Sold out of Ohio or to US Government	0.20	0.30	0.40	0.47
School Districts	n/a	0.08	0.18	0.25
School District Contractor	n/a	.08	0.18	0.25
County Development Disabilities Board	n/a	.08	0.18	0.25
County Development Disabilities Board Contractor	n/a	.08	0.18	0.25
Casualty Loss	0.20	0.30	0.40	0.47
Retail Dealer Shrinkage Allowance	0.20	0.30	0.40	0.47

To ensure that the correct amount of tax will be refunded to taxpayers due to the different rates for gasoline, CNG, and all other motor fuels, taxpayers will be required to file a separate refund claim for each of the three fuel types.

Sales Tax

Prior to the passage of Am. Sub. H.B. 62, sales of motor fuel were generally exempt from sales tax. See R.C. 5739.02(B)(6)(a). However, that exemption does not apply to the sale of motor fuel on which a refund of the tax is allowed under R.C. 5735.14(A).

Refrigeration Units

Beginning on September 1, 2019, a new exemption found in R.C. 5739.02(B)(6)(b) will provide that motor fuel used to power a refrigeration unit on any vehicle other than a unit used for the comfort of vehicle occupants will not be subject to sales tax. A taxpayer making this claim will need to provide justification on the percentage of the fuel that is used to power a refrigeration unit.

Please note that a motor vehicle, as defined in R.C. 4501.01(B), includes trailers that are independently connected to a motor vehicle.

Transit authority, School District, or County Development Disabilities Board Contractor

A transit authority, school district, or county development disabilities board would be considered a political subdivision and would be exempt under R.C. 5739.02(B)(1) which states in pertinent part that

(B) The [sales] tax does not apply to the following:

- (1) Sales to the state or any of its political subdivisions, or to any other state or its political subdivisions if the laws of that state exempt from taxation sales made to this state and its political subdivisions

A contractor for the transit authority, school district, or county development disabilities board, other than between July 3, 2019 and June 30, 2021 on CNG, will be subject to a partial refund under R.C. 5735.142. They will not be subject to sales tax because they will have paid some motor fuel tax which triggers the general exemption on sales of motor fuel that has been subject to the motor fuel tax.

Petroleum Activity Tax

See PAT 2015-01 – Petroleum Activity Tax “Calculated Gross Receipts” – Issued June, 2015; Updated July, 2015; Updated April 2019 for additional information.

Please contact the Department at 1-855-466-3921 with any questions regarding this release.

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