

# OHIO GAS TAX HIKE MAY GET MOVING

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Ohio Governor Mike DeWine recently created a study committee, the Ohio Governor's Advisory Committee on Transportation Infrastructure, to study the current conditions of Ohio's roadways and recommend options for maintaining and improving the state's transportation infrastructure before he issues his executive budget in March. Shortly after taking office last month, Governor DeWine said he was "shocked" to discover the extent of the state's transportation funding problems, so he created the committee to examine the issue and recommend options for maintaining and enhancing the state's transportation infrastructure.

Yesterday, the Governor's Advisory Committee on Transportation Infrastructure recommended that policymakers should increase Ohio's Motor Fuel Tax to maintain and improve Ohio's transportation system. No specific amount of increase was recommended. As reported by Hannah News Service, Ohio needs to account for a \$1 billion-dollar state shortfall and between a \$1 billion and \$1.5 billion of local shortfall, meaning the total tax would need to raise approximately \$2.5 billion more annually to keep up with transportation system maintenance and improvement. At the current rate of 28 cents per gallon, the motor fuel tax generated approximately \$1.8 billion in fiscal year 2018. As a result, the rate would need to be more than doubled to raise the needed revenues.

Ohio's current motor fuel tax rate is 28 cents, which ranks 29th in the nation. The motor fuel tax has not been increased since 2003—when it went up 2 cents per gallon for three consecutive years. All Great Lakes states, with the exception of Ohio, have increased their state gas tax in the past few years.

The most common funding mechanisms used by states to fund road maintenance and construction are motor fuel taxes, public-private partnerships, tolling, state and local sales taxes, local levies, vehicle registration fees and express lane programs. Ten states have approved new fees for electric or hybrid vehicles, and three states are testing mileage-based user fees.

It is too early to say whether the DeWine administration will propose a motor fuel tax increase in the upcoming transportation budget bill, but many parties are putting pressure on policy makers to fund a significant spending increase for road maintenance and construction. Business taxpayers should monitor these developments and consider whether a motor fuel tax increase will benefit or harm their operations. If you would like more information, do not hesitate to contact [Tom Zaino](#) or [Rich Bitonte](#).

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