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Bill Analysis

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SUMMARY

Gas and diesel fuel tax

- Reduces the tax on gasoline and diesel fuel for a period of three months, from 38.5¢ per gallon for gasoline and 47¢ per gallon for diesel to 0.01¢ per gallon for either.
- Prohibits a licensed retail dealer or licensed motor fuel dealer from selling motor fuel during the temporary reduction period without passing the full benefit of the reduced tax onto the consumer or other purchaser.
- Provides that violation of the prohibition may be considered in any licensing determination made by the Tax Commissioner and referred to the Attorney General (AG).
- Classifies such a violation as a deceptive act or practice in connection with a consumer transaction in violation of the Consumer Sales Practices Act (CSPA), subject solely to enforcement by the AG.
- Authorizes the AG to continue any investigations or enforcement actions for a CSPA violation during the time period the AG has to bring CSPA enforcement actions under current law.
- Requires that retail dealers apply to the Tax Commissioner to receive payment for the net tax reduction for fuel bought before the reduction period but sold during the period.
- Requires that retail dealers pay the full rate of motor fuel tax on fuel bought during the reduction period but sold after the period expires.
- Requires that gas stations provide a receipt upon request that includes the tax applicable to gas or diesel fuel purchased.

- Authorizes the Department of Taxation to delay its December motor fuel tax distribution.
- Appropriates $725 million from the GRF in FY 2027 to offset revenue losses from the rate reduction.
- Appropriates $1 million from the GRF in FY 2027 to pay $125 to each retail service station in Ohio.
- Declares an emergency.

DETAILED ANALYSIS

Gas and diesel fuel tax

Temporary tax reduction

The bill temporarily reduces the motor fuel excise tax on gasoline and diesel fuel, from 38.5¢ per gallon for gasoline and 47¢ per gallon for diesel to 0.01¢ per gallon for both gasoline and diesel. The rate reduction begins to apply on the third day after the bill's immediate effective date. The reduction expires 90 days later, at which time the tax returns to current law's rates. The bill does not affect the rate of tax on other motor fuel, such as compressed natural gas (CNG), propane, and liquified natural gas. The rate reduction also applies to the fuel use tax, which is levied on operators of commercial vehicles on the basis of distance traveled in each state.

Under continuing law, the motor fuel tax is levied on motor fuel dealers, e.g., wholesalers, refineries, and importers, but the cost of the tax is generally passed down to retail service stations, i.e., gas stations, and, ultimately, consumers. Approximately 65% of revenue from the initial 28¢ per gallon rate is allocated to the state for transportation purposes, while the remainder is allocated to local governments for transportation projects. In contrast, 55% of the revenue from the portion of the rate above 28¢ per gallon is allocated to the state and the remainder to local governments.

The bill does not require the Director of Agriculture to update and distribute gas station tax stickers as a result of the bill's temporary motor fuel tax reduction.[1]

Enforcement mechanism

The bill prohibits a licensed retail dealer or licensed motor fuel dealer from selling any motor fuel during the temporary reduction period without passing the full benefit of the reduced rate of tax effective during that period onto the consumer or other purchaser. A violation of this prohibition may be considered in any licensing determination made by the Tax Commissioner, and may also be referred to the Attorney General (AG).

Additionally, the bill classifies a violation of the above prohibition as a deceptive act or practice in connection with a consumer transaction in violation of the Consumer Sales Practices Act (CSPA) that, notwithstanding the private cause of action generally available to consumers

[1] Section 3(A) and (B); R.C. 5735.05, not in the bill.

under the CSPA, is subject to the sole enforcement authority of the AG. The AG is authorized to continue any investigations or enforcement actions of such violations until two years after the occurrence of a violation, which is the continuing law statute of limitations for the AG to bring an action to recover for a CSPA transaction.

Existing CSPA law, unchanged by the bill, prohibits a supplier from committing an unfair or deceptive act or practice in connection with a consumer transaction. The AG has authority to investigate a person believed to be violating the CSPA. If the AG has reasonable cause to believe that a supplier has engaged or is engaging in an act or practice violating the CSPA, and that the action would be in the public interest, the AG is allowed to bring various actions against the violator including, for example, an action to obtain a declaratory judgment or a class action on behalf of consumers who engaged in consumer transactions in Ohio for damages caused by CSPA violations. Further, continuing law allows the court, on motion of the AG, to make appropriate orders providing for appropriate relief in an AG CSPA action, including, for example, reimbursing consumers found to have been damaged.

Continuing law defines the following terms for purposes of the CSPA:

- "Consumer transaction" means a sale, lease, assignment, award by chance, or other transfer of an item of goods, a service, a franchise, or an intangible, to an individual for purposes that are primarily personal, family, or household, or solicitation to supply any of these things. "Consumer transaction" excludes certain types of transactions, such as, for example, transactions between attorneys, physicians, or dentists and their clients or patients.
- "Supplier" means a seller, lessor, assignor, franchisor, or other person engaged in the business of effecting or soliciting consumer transactions, whether or not the person deals directly with the consumer.
- "Consumer" means a person who engages in a consumer transaction with a supplier.[2]

Floor payments and tax

The bill requires licensed retail dealers to apply to the Tax Commissioner to receive one or more payments based upon the gasoline and diesel fuel that (1) the retailer sold during the temporary reduction period and (2) has already been taxed at the wholesale level at the pre-reduction rate. The payment for each gallon will equal the difference between the pre-reduction rate and the temporary rate. A retail dealer is required to apply for payments on or before February 1, 2027, for review and approval by the Commissioner. The Commissioner must make the payment within 30 days after receipt of the application. The payment is made from the Tax Refund Fund and is considered a refund of motor fuel tax.[3]

The bill also requires licensed retail dealers to pay tax on the gasoline and diesel fuel that the retailer sells after the temporary reduction period ends if the reduced tax was paid at the

[2] Section 3(E); R.C. 1345.01, 1345.02(A), 1345.06, 1345.07, and 1345.09, not in the bill.

[3] Section 3(C).

wholesale level. The amount due is the difference between that reduced rate and the post-reduction, permanent law rate. The retailer must pay this tax on or before March 1, 2027. Revenue from the tax is distributed as though it was motor fuel tax revenue.[4]

Itemized gas station receipts

The bill requires the owner or operator of a retail service station to provide to a purchaser of gas or diesel at a service station, upon request, a receipt that separately lists all the following information:

- The number of gallons of motor fuel purchased;
- The total pre-tax price charged;
- The product of the number of gallons of motor fuel purchased by the rate of the federal motor fuel tax applicable to the purchase on the date of the sale;
- The product of the number of gallons of motor fuel purchased by the rate of the state motor fuel tax applicable to the purchase on the date of the sale;
- The total post-tax price charged for the motor fuel purchase.

Service station owners and operators must begin complying with this receipt requirement within seven calendar days after the bill's immediate effective date.[5]

TAX revenue distribution delay

The bill allows the Department of Taxation (TAX) to delay its required December distribution of motor fuel tax revenue by up to ten business days.[6]

Appropriations

The bill appropriates $725 million to TAX from the GRF in FY 2027 to be treated as revenue from the motor fuel taxes to offset revenue decreases during the temporary reduction period. The bill also appropriates $1 million to TAX to make payments to licensed retail dealers of $125 per retail service station, with any remaining appropriation to be used for administration of the motor fuel tax. The retailer must submit a request to receive this payment to TAX on or before December 1, 2026.[7]

Emergency clause

The bill is declared to be an emergency measure and will go into immediate effect.[8]

[4] Section 3(D).

[5] R.C. 5735.50 and 5735.99; Section 9.

[6] Section 3(F).

[7] Sections 4 to 8.

[8] Section 10.

HISTORY

Action	Date
Introduced	09-28-26

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