

## IS JET FUEL BURNING A HOLE IN YOUR STATE BUDGET?



estimated cost of tax breaks:

**\$85**  
**MILLION**

estimated # of gallons for which the airlines receive a tax break:

**405**  
**MILLION**

Airlines are **EXEMPT** from the sales tax.  
**COST: \$85 million**

## MOTOR FUEL vs. JET FUEL (Effective State Fuel Tax Rate)



Car drivers buying an average gallon of gasoline:

**\$0.28**



Commercial airlines buying a \$3 gallon of jet fuel:

**\$0**

### SOURCES:

Sales Tax Break: Ohio Revised Code 5739.01(P): "In this definition, "public utility" includes a citizen of the United States holding, and required to hold, a certificate of public convenience and necessity issued under 49 U.S.C. 41102" and 5739.02(B)(42)(a). <http://codes.ohio.gov/orc/5739>. 49 U.S. Code § 41102 is "General, temporary, and charter air transportation certificates of air carriers" <http://www.law.cornell.edu/uscode/text/49/41102>. Page 15: C. Exemptions based on specified use of property or service, "Property (including fuel) used in production, transportation, or distribution of a public utility service, or used in the repair and maintenance of machinery and equipment used directly in providing a public utility service, is exempt from the sales and use tax," [http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Tax\\_14-15.pdf](http://media.obm.ohio.gov/OBM/Budget/Documents/operating/fy-14-15/bluebook/budget/Tax_14-15.pdf). Other users of aviation fuel are subject to tax: [http://www.tax.ohio.gov/excise/faqs/motor\\_fuel/tabid/688/Default.aspx?QuestionID=316&AFMID=9556](http://www.tax.ohio.gov/excise/faqs/motor_fuel/tabid/688/Default.aspx?QuestionID=316&AFMID=9556). OH rules current as of June 19, 2014.

Cost of Sales Tax Break and Number of gallons airlines get a tax break on: Ohio does not estimate the specific cost of the commercial airline jet fuel sales tax exemption. Estimates based on 2013 jet fuel prime supplier sales data and jet fuel prices from the Energy Information Administration and commercial airline fuel use data from the Bureau of Transportation Statistics. Sales tax rate from: [http://taxfoundation.org/sites/taxfoundation.org/files/docs/state-local-sales-taxes-2014-\(large\).png](http://taxfoundation.org/sites/taxfoundation.org/files/docs/state-local-sales-taxes-2014-(large).png).

Gasoline Tax Rate: Estimates from the American Petroleum Institute (API) based on average price earlier this year.