



---

# HANDBOOK

## Ohio County Commissioners

*Published by: County Commissioners Association of Ohio*

209 East State Street • Columbus, Ohio 43215-4309  
Phone: 614-221-5627 • Fax: 614-221-6986 • [www.ccao.org](http://www.ccao.org)

---

## CHAPTER 20

# COUNTY PERMISSIVE MOTOR VEHICLE LICENSE TAX

Latest Revision  
March, 2013

### 20.01 INTRODUCTION

In 1967 the General Assembly granted counties the authority to enact a permissive motor vehicle license tax of not more than \$5 per vehicle to be used for highway related purposes. At the same time the General Assembly authorized counties to enact a permissive sales and use tax, utilities service tax, and a real property transfer tax. These other permissive taxes could be used to supplement general fund revenue and to pay for the administration of the taxes.

This grant of authority significantly changed the manner in which counties could fund the services they provide. The law at the time provided that county commissioners could enact the taxes by resolution subject to referendum. Since that time the law has changed as it relates to authorized rates, enactment procedures and use of the revenue derived from the taxes.

Since the original county permissive tax package was enacted the General Assembly has granted counties two new permissive tax options. In 1980, the Legislature authorized a county permissive lodging tax. The primary purpose of this tax is to fund the operations of convention and visitors bureaus operating in the county. In 1986,

authority was granted to enact a permissive liquor and cigarette tax for the purpose of financing the construction and operation of a sport facility for major league professional sports.

In addition, in 1987 the General Assembly authorized the county to enact two new and additional \$5 permissive motor vehicle license taxes, thus increasing the total amount of county permissive motor vehicle license tax authority from \$5 to \$15. The two new \$5 taxes were included in the ODOT and Department of Highway Safety budget bill (Am. Sub. HB 419). This budget bill also included a 2.7¢ increase in the state gas tax. Previous legislation earlier that year included a proposal for the electors to amend the Ohio Constitution to approve the issuance of bonds to finance local infrastructure. This issue was approved by the voters in November 1987 and resulted in the establishment of the State Capital Improvements Program administered by the Ohio Public Works Commission.

In this Chapter of the *Handbook* we will refer to the 1967 tax as the “original \$5 tax” and the other two taxes authorized in 1987 as the “first new \$5 tax” and the “second new \$5 tax”. Also, in 1987 when the Legislature authorized the county to enact the two new \$5 taxes, it also authorized municipalities and townships to each enact a \$5 municipal and township permissive motor vehicle license tax.

Finally, in 1996 the General Assembly authorized Transportation Improvement Districts (TID) to enact a TID permissive motor vehicle license tax of up to \$20 in \$5 increments if submitted and approved by the electors.

The other permissive taxes will be discussed in other Chapters of this *Handbook*. For a general overview of permissive taxes refer to Chapter 17. In addition, the following Chapters discuss other county permissive taxes in detail: Chapter 18, the Permissive Sales and Use Tax, Chapter 19, the Permissive Real and Manufactured Home Transfer Tax, and Chapter 21, the Permissive Lodging Tax.

The balance of this Chapter will discuss the details of the county permissive motor vehicle license tax including enactment options, use of the funds, and required distributions of the tax to other political subdivisions within the county.

## **20.02 GENERAL DISCRPTION OF PERMISSIVE MOTOR VEHICLE LICENSE TAXES**

Counties have the authority to enact up to \$15 in motor vehicle license taxes in three separate increments of \$5 each. In addition, municipalities and townships have various authorities to levy their own permissive motor vehicle license taxes. The total combined local government permissive motor vehicle license taxes by all combined local governments may not exceed \$20. In addition, a Transportation Improvement District may enact its own permissive motor vehicle license tax at a rate not to exceed \$20 dollars, in four \$5 increments.

These taxes are levied on top of the state license taxes on motor vehicles as defined in ORC Sections 4501.01 and 4505.01. The statewide fees vary by type of vehicle including passenger vehicles, motorcycles, motor homes and various other classes of commercial vehicles and trailers. For information on state fees for the various classes of motor vehicles refer to the Ohio BMV website at: [http://www.bmv.ohio.gov/fees\\_for\\_services.stm](http://www.bmv.ohio.gov/fees_for_services.stm).

In the case of local permissive taxes, the tax generally applies to all motor vehicles that are subject to the state registration or license tax, however, local taxing authorities may exempt noncommercial trailers from the permissive motor vehicle license tax. This authority will be explained in greater detail later in this Chapter.

The \$5 tax was made available by a 1967 law. Counties had until June 30, 1968, to enact the original \$5 dollar tax exclusively. If a county had not enacted the original \$5 tax by this date, then any municipality in the county could enact this tax.

While the 1967 law provided that such an enactment by a municipality precluded subsequent county enactment anywhere in the county, the law now allows counties to enact the original \$5 tax after one or more municipalities enact the tax, but it will not apply within a municipality where this original \$5 tax has been enacted by the city or village.

In 1986 counties were given authority to enact an additional \$10 tax in two \$5 increments. Counties were given the exclusive right to the first new \$5 tax until April 1, 1989, at which time any municipality in the county could enact the tax. No county may enact this tax if they repeal the original \$5 tax after April 1, 1987. In addition, no municipality may enact this tax during a 30 day county referendum period or where a referendum petition has been filed that will result in the submission of the county tax to the electors.

Similarly, counties had the exclusive right to the second new \$5 tax until April 1, 1991, at which time it became available to municipalities. The county may enact the taxes at any time, but it will not apply within those municipalities that enacted the second new \$5 tax before the county. No municipality may enact this tax during a 30 day county referendum period or where a referendum petition has been filed that will result in the submission of the county tax to the electors.

The distribution of each of these three \$5 taxes, if enacted by the county, is different. For the original \$5 tax a fund must be established for the deposit of all revenues from municipal registrations for use by the municipalities upon application. The remaining revenues are allocated to the county and deposited into the county motor vehicle license and gas tax fund.

For the first new \$5 tax, 50% of the money from municipal registration goes to the municipality of registration, 30% of the money from unincorporated areas goes to the township of registration, and the balance is allocated to the county motor vehicle license and gas tax fund. The municipal portion is distributed directly to municipalities by the state and the township portion is distributed to townships by the county.

For the second new \$5 tax, 30% of the revenue is allocated to the township of registration, and the balance is allocated to the county, meaning that the county is entitled to all revenues derived from municipal registrations from the second new \$5 tax. ORC Section 4504.051 establishes procedures where during any year the 30% allocation of the second new \$5 tax to townships may be increased or decreased. This provision does not apply to the first new \$5 tax and will be explained in greater detail later in this Chapter.

In addition to the two new \$5 county taxes, townships and municipalities may enact, at any time, their own \$5 taxes, not contingent upon any action by the county.

A county is not required to enact or have in effect the original \$5 tax before enacting the first or second new \$5 taxes, but the second new \$5 tax may not be enacted before the first new \$5 tax. Both the first and second new \$5 taxes may be enacted by the county at the same time.

All three of these \$5 county permissive taxes are collected and distributed by the state. Counties which enacted the original \$5 tax prior to any municipality in the county must approve any municipal project before funds are released from the separate fund in the county treasury to the municipality.

All other funds to which the municipalities are entitled are distributed directly to the municipality by the state. All funds to which the townships are entitled are distributed to the county by the state for redistribution to townships.

Information on the enactment and repeal of county permissive motor vehicle license taxes are found later in this Chapter. In addition, Table 20-1 contains a summary of county, township, municipal, and transportation improvement district permissive motor vehicle license taxes including a listing of statutory citations.

### **20.03 AUTHORIZED USES FOR THE COUNTY PERMISSIVE MOTOR VEHICLE LICENSE TAX**

As was previously stated, the county permissive motor vehicle license tax must be used exclusively for highway related purposes. Article XII, Section 5a of the Ohio Constitution generally restricts the use of motor vehicle license and fuel taxes to highway related purposes as follows:

No moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

ORC Section 4504.02 further provides guidance on the specific uses for which the permissive motor vehicle license tax may be used as follows:

1. To pay the costs of enforcing and administering the tax.
2. To pay for planning, constructing, improving, maintaining, and repairing public roads, highways, and streets.
3. To pay for maintaining and repairing bridges and viaducts.
4. To pay for the county's portion of the costs and expenses of cooperating with ODOT in the planning, improvement, and construction of state highways;
5. To pay for the county's portion of the compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads.
6. To pay any costs apportioned to the county under ORC Section 4907.47 relating to signals and other safety measures at railroad grade crossings ordered by the Public Utilities Commission of Ohio (PUCO).
7. To pay for debt service charges on notes or bonds of the county issued for such purposes.
8. To pay for all or part of the costs and expenses of municipalities in planning, constructing, reconstructing, improving, maintaining, and repairing streets designated as necessary or conducive to the orderly and efficient flow of traffic within and through the county pursuant to ORC Section 4504.03.
9. To purchase, erect, and maintain street and traffic signs and markers.
10. To purchase, erect, and maintain traffic lights and signals; and
11. To supplement revenue already available for such purposes.

## **20.04 ENACTMENT OPTIONS FOR PERMISSIVE MOTOR VEHICLE LICENSE TAXES**

County commissioners have three options when enacting all three \$5 permissive motor vehicle license taxes as follows:

1. **REGULAR METHOD** - This method involves the adoption of a resolution by the board and is subject to referendum. The resolution is not effective for 30 days during which a referendum can be requested. If a referendum is requested the tax cannot go into effect until approved by the electors at the next primary or general election. If a referendum is not requested during this 30 day period, the tax is then not subject to a referendum or initiative repeal in the future.
2. **EMERGENCY METHOD** - This method involves the adoption of a resolution as an emergency measure. Such a resolution, becomes effective immediately, and while not subject to referendum, is subject to an initiative or an election to repeal at any subsequent general election. The commissioners must act unanimously and must state the reasons for the emergency.
3. **ELECTORATE METHOD** - This method allows the county commissioners to adopt a resolution directing the board of elections to submit the question to the electors at the next general or primary election. This resolution must be adopted and certified to the board of elections at least 90 days before the election.

## **20.05 EFFECTIVE DATES FOR PERMISSIVE MOTOR VEHICLE LICENSE TAX**

The motor vehicle license tax resolution becomes effective either at the end of the 30 day referendum period, upon certification of election results by the board of elections or immediately if enacted as an emergency.

However, ORC Section 4504.08 requires that the resolution enacting this tax be certified to the Bureau of Motor Vehicles by July 1 of the preceding year for the tax to take effect the next calendar year.

## **20.06 PUBLIC HEARINGS AND NOTICE REQUIREMENTS**

Prior to the adoption of a resolution enacting the tax, the following public hearing and notice requirements apply.

1. Two public hearings must be held before the adoption of the tax resolution.
2. The second hearing must be no less than 3 or more than 10 days after the first hearing.

3. Notice of the date, time, and place of the hearings must be published in a newspaper of general circulation in the county once a week, on the same day of the week, for two consecutive weeks prior to the hearing. The second notice must be no less than 10 or more than 30 days before the hearing.

As an alternative to these publication requirements, the county may use the procedures specified in ORC Section 7.16. Under this procedure, an abbreviated second publication may be made if the first notice is posted on the state public notice website and other requirements of this section are met. For additional information, refer to [County Advisory Bulletin 2012-01](#) which is on the CCAO website at [www.ccao.org](http://www.ccao.org).

## **20.07 REMOVAL OF PERMISSIVE MOTOR VEHICLE LICENSE TAXES**

There are three separate methods to remove or repeal permissive motor vehicle license taxes as follows:

1. The county commissioners may reduce or repeal the tax.
2. If the permissive tax is enacted by the regular method, a petition for referendum can be filed within 30 days after adopting the permissive tax resolution. If a valid petition is filed the tax does not become effective unless approved by the electors at either a general or primary election.
3. If the permissive tax was adopted as an emergency, it is not subject to referendum. An election to repeal, however, can be initiated, in any subsequent year, by filing a petition 90 days before a general election.

Finally, ORC Section 305.35 provides that the board of elections will not submit to a vote a referendum on a permissive tax enacted as a regular measure for which a petition has been submitted and verified (by the county auditor) if the commissioners repeal the tax after the petition is submitted. Thus, commissioners may repeal the permissive tax resolution enacted as a regular measure prior to a vote and after a petition requesting a vote has been submitted.

## **20.08 REFERENDUM ON A PERMISSIVE TAX ENACTED UNDER THE REGULAR METHOD**

After the adoption of a resolution enacting a permissive tax under the regular method described above, it does not become effective for a 30 day period. During that period, a referendum petition may be circulated requesting the resolution be submitted to the electors. Such questions can be submitted to the voters at either a general or primary election. The procedures for filing the referendum petition are governed by ORC Sections 305.31-305.41 and the petition must also comply with requirements specified in ORC Section 3501.38.

The petition must be signed by 10% of those that voted for the Governor in the most recent gubernatorial election. The text of the petition for a referendum must request that the resolution levying the permissive tax be submitted to the electors of the county for their approval or rejection.

The petition must be filed with the county auditor within 30 days after the adoption of the resolution by the commissioners. After a petition has been filed with the county auditor it must be kept open for public inspection for 10 days.

Prior to circulating a referendum petition those seeking the referendum must file a certified copy of the permissive tax resolution with the county auditor and with the county board of elections. The board of county commissioners must make a certified copy of the resolution available as soon as the resolution is adopted. A certified copy includes a written statement attesting that it is a true and exact reproduction of the original resolution and is usually attested to by the commissioners' clerk. Commissioners may charge a fee for the cost of copying the resolution.

Those petitioning for a referendum may designate a committee of not less than three persons who is considered as filing the petition. The circulator of a referendum petition also must, within five days after the petition is filed with the county auditor, file a statement with the county auditor, made under penalty of election falsification, showing:

1. All moneys or things of value paid, given, or promised for circulating the petition;
2. Full names and addresses of all persons to whom such payments or promises were made;
3. Full names and addresses of all persons who contributed anything of value to be used in circulating the petitions; and
4. Time spent and salaries earned while circulating or soliciting petition signatures by persons who were regular salaried employees of a person who authorized them to solicit signatures or circulate the petition as a part of their regular duties.

This statement is open to public inspection for a period of one year.

After the conclusion of the 10 day public inspection period the county auditor transmits the petition and a certified copy of the permissive tax resolution to the board of elections. This transmittal must be not later than the 90th day before the election. The board of elections examines all signatures on the petition to determine the number of electors of the county who signed the petition. The board of elections returns the petition to the county auditor within 10 days with a statement attesting to the number of electors who signed the petition.



The board of elections then submits the resolution to the electors of the county, for their approval or rejection, at the next general election held in the county in any year, or on the day of the next primary election in even-numbered years that occurs 90 days after the county auditor certifies the sufficiency and validity of the petition to the board of elections.

Permissive tax resolutions receiving an affirmative majority vote become effective on the first day of the month following certification of the vote by the board of elections.

## **20.09 OTHER PROVISIONS RELATING TO PETITIONS**

The law specifies a series of other requirements relating to referendum petitions, including:

1. Each signer must be a registered elector of the county in which the election is to be held. The facts of qualification shall be determined as of the date when the petition is filed. The signer must include the date of signing and the location of the signer's voting residence on the petition after the signer's name. The location must include the street and number if in a municipal corporation or the rural route number, post office address, or township if outside a municipal corporation. The voting address given must be the address shown on voting registration records at the board of elections.
2. Signatures must be in ink. A signer may also print his/her name in addition to signing in order to clearly identify the signature. No person can write a name other than their own name nor may anyone authorize another to sign on their behalf. The procedure for an "attorney-in-fact" signing for disabled voters is an exception to this prohibition as specified in ORC Section 3501.382. If a petition contains the same elector's signature more than once only the first signature is counted.
3. A referendum petition may be presented in separate petition papers, but each petition paper must contain a full and correct copy of the title and text of the resolution enacting the permissive tax. All separate petition papers must be filed at the same time, as one instrument.
4. At the top of each part of the petition the following words must be printed in red:

### **NOTICE**

Whoever knowingly signs this petition more than once, signs a name other than his own, or signs when not a legal voter is liable to prosecution.

5. No person can knowingly sign a referendum petition more than once, sign a name other than his or her own, or sign when not a legal voter. The procedure for

an “attorney-in-fact” signing for disabled voters is an exception to this prohibition as specified in ORC Section 3501.382.

6. No person can accept anything of value for signing a referendum petition.
7. No person can, directly or indirectly, by intimidation or threats, influence or seek to influence any person to sign or abstain from signing, or to solicit signatures to or abstain from soliciting signatures to a referendum petition.
8. On each petition paper the circulator must indicate the number of signatures contained thereon and must sign a statement made under penalty of election falsification that he witnessed the affixing of every signature, that all signers were to the best of his knowledge and belief qualified to sign, and that every signature is to the best of his knowledge and belief the signature of the person whose signature it purports to be or of an attorney-in-fact acting for a disabled voter pursuant to ORC Section 3501.382.
9. The circulator of a petition may, before filing it with the county auditor, strike from it any signature he does not wish to present as a part of his petition.
10. Any signer of a petition or an “attorney-in-fact” acting on behalf of a disabled voter pursuant to ORC Section 3501.382 may remove his or her signature from a petition at any time before the petition is filed with the county auditor by striking his name on the petition. No signature, however, may be removed after the petition is filed with the county auditor. Likewise, no alterations, corrections, or additions may be made to the petition after it is filed with the county auditor.
11. The petition papers must contain the following statement in bold face capital letters:

WHOEVER COMMITS ELECTION FALSIFICATION IS GUILTY OF A  
FELONY OF THE FIFTH DEGREE.

12. If a circulator knowingly permits an unqualified person to sign a petition paper or permits a person to write a name other than the person's own on a petition paper, that entire petition paper is invalid; otherwise, the signature of a person not qualified to sign shall be rejected but shall not invalidate the other valid signatures on the paper. The procedure for an “attorney-in-fact” signing for disabled voters is an exception to this prohibition as specified in ORC Section 3501.382.

## **20.10 ELECTION TO REPEAL EMERGENCY PERMISSIVE TAX**

To initiate the repeal of a permissive motor vehicle license tax enacted as an emergency measure, a petition must be filed with the board of elections 90 days before

a general election in any year. The petition must be signed by 10% of those voting for Governor in the last gubernatorial election. The petition requirements are the same as for a referendum petition as specified in Section 20.08 and the petition requirements detailed in Section 20.09 also apply, except in this case the petition is filed with the board of elections, not the county auditor.

If the petitions are valid, the board of elections must submit the question to the voters at the next general election. The repeal may not be submitted at a primary election. Notice of the election must be published in a newspaper of general circulation in the county at least once a week for two consecutive weeks before the election. If the board of elections operates and maintains a web site, notice of the election also shall be posted on that web site for 30 days prior to the election. The notice shall state the purpose, time, and place of the election.

As an alternative to these publication requirements, the county may use the procedures specified in ORC Section 7.16. Under this procedure, an abbreviated second publication may be made if the first notice is posted on the state public notice website and other requirements of this section are met. For additional information, refer to [County Advisory Bulletin 2012-01](#) which is available at the CCAO website [www.ccao.org](http://www.ccao.org).

If the tax is repealed at such an election, it will be collected for the remainder of the calendar year. The form of the ballot is prescribed by the Secretary of State.

## **20.11 SPECIAL PROVISION FOR CHANGING THE REQUIRED 30% ALLOCATION TO TOWNSHIPS**

ORC Section 4504.051, enacted in 2001, establishes procedures where the required 30% allocation of the second new \$5 tax may be modified during any year. It needs to be stressed that the authority to modify the statutorily required allocation applies only to the second new \$5 tax, not to the first new \$5 tax.

The law allows two ways in which the statutorily required 30% allocation to townships may be changed during any year as follows:

1. During any year a board of township trustees may pass a resolution requesting the commissioners to increase the percentage of moneys allocated to the township from the second new \$5 tax. If such a resolution is received from one or more townships, the commissioners must consider the request and may grant or deny the request before October 1. If the commissioners want to change the allocation percentage at the request of one or more townships, they must adopt a resolution to the effect, however, they are not required to adopt a resolution rejecting the request. If the commissioners approve the request it takes effect with the payment in the next year, beginning in January.

2. During any year, the commissioners, on their own initiative, may propose to increase or decrease the required 30% allocation to one or more townships from the second new \$5 tax. This change in allocation percentage, however, can only be done if each affected board of township trustees consents to the percentage of the increase or decrease by resolution. If such a consent resolution is adopted by the township trustees, then the commissioners may pass a resolution increasing or decreasing the percentage of money allocated to a township. If the commissioners adopt the resolution after receipt of a township consent resolution it takes effect with the payment in the next year, beginning in January.

In both cases, if the commissioners adopt the required resolution, a copy must be sent to each impacted board of township trustees, the county engineer, and the county treasurer.

## **20.12 SPECIAL PROVISIONS RELATING TO THE DISTRIBUTION OF FUNDS TO MUNICIPALITIES**

While ORC Section 4504.02 allows the county to enact the original \$5 tax, ORC Section 4504.05 requires the county to establish a separate fund and deposit into this fund an amount that is equal to \$5 for each motor vehicle registered by residents of all municipalities in the county. Actually, the amount deposited in this fund involves a calculation of the percentage of motor vehicles registered by residents of municipalities to the total countywide motor vehicle registrations during the most recent registration year. If a municipality has in effect a \$5 tax enacted pursuant to ORC Section 4504.06, the tax a municipality can enact if the county did not enact the original \$5 tax before it was enacted by the municipality, such a municipality may not participate in the moneys in the separate fund.

## **20.13 PREPARATION AND ADOPTION OF A COMPREHENSIVE MAP DESIGNATING CERTAIN MUNICIPAL STREETS OR PROPOSED STREETS**

Every county that enacts the original \$5 tax is required to have the county engineer prepare a comprehensive map of the roadways of the county that designates “interstate highways, state highways, intercounty roads, county and township roads forming a part of the county highway system pursuant to ORC Chapter 5541, and those streets located within municipal corporations in the county . . . which are determined by the county engineer to be necessary or conducive to the orderly and efficient flow of traffic within and through the county”. The map may also designate these municipal streets as “primary and secondary based upon their relative importance to the orderly and efficient flow of traffic within and through the county”.

While preparing the map, the county engineer may consult with municipalities and may designate on the map any proposed streets determined that will be “necessary or conducive to the orderly and efficient flow of traffic within and through the county”. The

map must be filed with the commissioners by the county engineer within 90 days after the effective date of the commissioners' resolution enacting the tax.

The commissioners then review the map and adopt it with such modifications as they deem necessary. Copies of the map are then filed with the county engineer, the ODOT Director, and with the clerk of council of all municipalities. The map may be revised following the same procedures as the original map.

## **20.14 APPLICATION AND DISBURSEMENT OF FUNDS TO MUNICIPALITIES BY COUNTY**

After the comprehensive map has been adopted by the commissioners any municipal corporation that has not enacted the \$5 tax authorized by ORC Section 4504.06 may submit a written application to the commissioners for funds. The funds may be used for the following purposes:

1. To plan, construct, reconstruct, improve, maintain, or repair any of the streets within the municipality shown on the map.
2. To pay the municipal share of the cost of cooperating with the county or ODOT in the planning, construction, reconstruction, improvement, maintenance, or repairing of any of the streets designated on the map.
3. To pay the municipal share of compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining and repairing streets designated on the map.
4. To pay any costs apportioned to the county under ORC Section 4907.47 relating to signals and other safety measures at railroad grade crossings ordered by the Public Utilities Commission of Ohio (PUCO) designated on the map, or
5. To purchase, erect, and maintain traffic signs and markers and traffic lights and signals.

In addition to the application the municipality must file with the county engineer a copy of the preliminary plans and an estimate of cost of such construction or improvement or a general statement of the work to be done and the location must also be filed.

If the county engineer approves the preliminary plans and estimate of cost or proposed use and the county engineer finds that the proposed construction, improvement, or other use of funds is necessary or conducive to the orderly and efficient flow of traffic within and through the county, then the commissioners may allocate all or part of the cost for the project.

Commissioners need to give consideration to the needs of the county as a whole. The commissioners may also give priority to those streets designated as primary on the map. A municipality which has prepared required plans required to be submitted must be reimbursed for the cost of preparing the plans submitted to the engineer.

Commissioners then certify to the county auditor the amount of funds allocated to the municipality. After the submission of final and detailed plans or statements of work to be done and after approval by the county engineer, the commissioners encumber the funds for approved project costs. The county auditor then draws a warrant upon commencement of the project. Moneys received by a municipality must be used for the purpose for which the project was approved. Any moneys not so used must be returned to the county.

#### **20.15 EXEMPTION OF NONCOMMERCIAL TRAILERS FROM THE PERMISSIVE MOTOR VEHICLE LICENSE TAX**

The board of county commissioners may exempt noncommercial trailers weighing 1,000 pounds or less from the tax. Commissioners may exempt eligible trailers from the tax at the time they enact any of the three \$5 dollar taxes or they may later exempt the trailers from the tax after enactment of any of the taxes.

In order to enact the exemption the commissioners must adopt a resolution and send a copy to the Registrar of the Bureau of Motor Vehicles. The Registrar may require evidence of the trailer's weight in order to be eligible for the exemption. A noncommercial trailer is defined in Division (N) of ORC Section 4501.01.

#### **20.16 TRANSPORTATION IMPROVEMENT DISTRICT PERMISSIVE MOTOR VEHICLE LICENSE TAX**

The board of trustees of a transportation improvement district (TID) may enact a permissive motor vehicle license tax of not to exceed \$20 in four \$5 increments. The tax may be levied in all or any part of the TID, which is established by the board of county commissioners pursuant to ORC Section 5540.02.

Unlike the other permissive motor vehicle license taxes a tax proposed to be enacted by the board of trustees of the TID must be submitted to the electors for approval prior to its enactment. The question can be voted on at any primary or general election, and the resolution from the TID to place it on the ballot must be filed with the board of elections at least 90 days before the primary or general election.

#### **20.17 CURRENT STATUS OF THE TAX**

CCAO periodically monitors and prepares County Data Exchange Bulletins on the status of the local government permissive motor vehicle license taxes. The most recent data is found in two bulletins on our web site. [CDE Bulletin 2010-04](#) shows the Status

of Local Government Permissive Motor Vehicle Tax Rates for 2010. [CDE Bulletin 2010-05](#) shows County, Municipal and Township Permissive Motor Vehicle Tax Revenue for 2009.

**TABLE 20-1**

**SUMMARY OF LOCAL PERMISSIVE MOTOR VEHICLE LICENSE TAXES**

<b>JURISDICTION</b>	<b>RATE</b>	<b>DESCRIPTION/COMMENTS</b>	<b>DISTRIBUTION</b>	<b>ORC</b>
County	\$5	<p>This tax is commonly referred to as the “original \$5 tax” for which authority was granted in 1967. The law gave counties until June 30, 1968 to enact the tax or any municipality in the county could enact the tax.</p> <p>Law further provided that if any municipality enacted the tax (ORC 4504.16), the county was then precluded from enactment.</p> <p>This restriction was removed from the law in 1983 when the county could enact the tax except in any municipality that had previously enacted the tax.</p>	<p>All funds from municipal registrations are placed in a separate fund for use by municipalities upon application. Remaining funds deposited in the county motor vehicle license and gas tax fund.</p> <p>Municipal funds to be used for routes shown on a map prepared by the county engineer and approved by the county commissioners (ORC 4504.03 &amp; 4504.04).</p>	4504.02 4504.05(B)(1)
Municipality	\$5	<p>Authority granted effective July 1, 1968 if the county had not previously enacted the tax. May be enacted by any municipality unless the county has enacted the original \$5 tax pursuant to ORC 4504.02.</p>	All funds to municipality	4504.06
County	\$5	<p>This tax is commonly referred to as the “first new \$5 tax”. If a county did not enact this tax by April 1, 1989, any municipality in the county may enact this tax (ORC 4504.17). However, municipal enactment does not preclude future county enactment in any area of the county where a</p>	<p>For municipal registrations: 50% to each municipality of registration and 50% to county.</p> <p>For registrations in the unincorporated area: 30% to township of registration and 70% to</p>	4504.15 4504(B)(2)



JURISDICTION	RATE	DESCRIPTION/COMMENTS	DISTRIBUTION	ORC
		<p>municipality has not enacted this tax.</p> <p>The original \$5 tax under ORC 4504.02 need not be in effect to enact this tax. However, this tax must be in effect prior to the enactment of the second new \$5 tax authorized by ORC 4504.16.</p> <p>No county may enact this tax if they repeal the original \$5 tax authorized by ORC 4504.02 after April 1, 1987.</p>	<p>county.</p> <p>The 50% municipal share is distributed directly to cities and villages by state.</p> <p>The 30% township share is distributed to the township by the county.</p>	
Municipality	\$5	May be enacted after April 1, 1989 by any municipality located in a county that has not enacted the first new \$5 tax authorized by ORC 4504.15.	All to municipality	4504.17
County	\$5	<p>This tax is commonly referred to as the “second new \$5 tax”. If a county did not enact this tax by April 1, 1991, any municipality in the county may enact (ORC 4504.171). However, municipal enactment does not preclude future county enactment in any area of the county where a municipality has not enacted this tax.</p> <p>The original \$5 tax authorized by 4504.02 need not be in effect to enact this tax, however, the first new \$5 tax authorized by ORC 4504.15 must be in effect to enact this tax.</p>	<p>For municipal registrations: All funds to the county.</p> <p>For registrations in the unincorporated area: 30% to township of registration and 70% to county.</p> <p>The 30% township share is distributed to the township by the county.</p>	4504.16 4504.05(B)(3)

JURISDICTION	RATE	DESCRIPTION/COMMENTS	DISTRIBUTION	ORC
		The second new \$5 tax can be enacted at the same time as the first new \$5 tax authorized by ORC 4504.15, thus allowing the enactment of \$10 at one time.		
Municipality	\$5	May be enacted after April 1, 1991 by any municipality located in a county that has not enacted the second new \$5 tax authorized by ORC 4504.16.	All to municipality	4504.171
Municipality	\$5	May be enacted at any time and not contingent upon the enactment of any other permissive license tax by either the county or municipality.	All to municipality	4504.172
Township	\$5	May be enacted at any time and not contingent upon the enactment of any permissive license tax by the county	All to township	4504.18
Transportation Improvement District (TID)	\$5 \$10 \$15 or \$20	The board of trustees of the TID must submit the question to the electors at a primary of general election and must certify the resolution proposing the tax to the board of elections 90 days before the election	All to TID	4504.21

**NOTE:** Any county, township, municipality, or transportation improvement district enacting a local permissive license tax must certify the resolution or ordinance enacting the tax to the Bureau of Motor Vehicles by July 1 for the tax to take effect the following year (ORC 4504.08).