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Information Brief

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SURVEY OF STATE AND LOCAL GASOLINE TAXES

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This information brief presents a computation of total state and local taxes on gasoline in each state and the District of Columbia. The information is presented in two tables.

TABLE I: STATE GASOLINE TAXES

This table identifies total taxes - state and local per-gallon taxes and sales taxes - paid on gasoline by the motorist at the pump. The combined total of fuel tax is more significant than just the per gallon rate because of the interrelationship among state and local fuel taxes and fuel sales taxes. For example, New York's relatively low per-gallon tax rate (Column 1) is offset by the fact that the combined state and local sales tax on gasoline (Column 9) is 10 percent of the selling price. Similarly, Florida's combined per-gallon tax of just 6.8¢ per gallon makes it possible to impose a state sales tax of 5.7¢ per gallon on top of that per-gallon tax. Conversely, Washington state's per-gallon tax is high but it has no other taxes on fuel. All these taxes are shown in Table I.

TABLE II: STATE GASOLINE TAXES ADJUSTED FOR REFUNDS AND EXEMPTIONS

Each state provides for refunds and exemptions on fuel tax paid. Exemptions are usually granted to certain classes of users (such as public agencies) while refunds are usually allowed for certain types of fuel use (such as on-farm use). Since these refunds and exemptions affect the total amount which highway users pay in taxes on fuel they are accounted for in Table II, which adjusts each state's total tax by reducing the fuel tax component by a refund-exemption percentage. As explained in the notes to Table II, this percentage is derived by comparing each state's total fuel gallons with its total taxable fuel gallon for the most recent year.

STATE GASOLINE TAXES
TABLE I

STATE	PER-GALLON TAXES (1) STATE GAS TAX ($/gal)	(2) LOCAL GAS TAX ($/gal)	(3) TOTAL STATE-LOCAL GAS TAX ($/gal)	SALES TAXES (4)* TAXABLE PRICE ($/gal)	(5) STATE SALES TAX RATE (%)	(6) STATE SALES TAX ($/gal)	(7) LOCAL SALES TAX RATE (%)	(8) LOCAL SALES TAX ($/gal)	(9) TOTAL STATE-LOCAL SALES TAX ($/gal)	(10) TOTAL TAX ($/gal)
Illinois	.1300	.0241	.1541	.7409	.0500	.0370	.0230	.0170	.0541	.2082
Hawaii	.1100	.0694	.1794	.6256	.0400	.0250	0.0000	.0000	.0250	.2044
Michigan	.1500	0.0000	.1500	.8950	**	.0420	0.0000	.0000	.0420	.1920
Nebraska	.1900	0.0000	.1900	.8950	0.0000	.0000	0.0000	.0000	.0000	.1900
Washington	.1800	0.0000	.1800	.8950	0.0000	.0000	0.0000	.0000	.0000	.1800
Colorado	.1800	0.0000	.1800	.8950	0.0000	.0000	0.0000	.0000	.0000	.1800
Wisconsin	.1750	0.0000	.1750	.8950	0.0000	.0000	0.0000	.0000	.0000	.1750
Indiana	.1400	0.0000	.1400	.6650	.0500	.0333	0.0000	.0000	.0333	.1733
MINNESOTA	.1700	0.0000	.1700	.8950	0.0000	.0000	0.0000	.0000	.0000	.1700
Connecticut	.1700	0.0000	.1700	.8950	0.0000	.0000	0.0000	.0000	.0000	.1700
Tennessee	.1600	0.0000	.1600	.8950	0.0000	.0000	0.0000	.0000	.0000	.1600
Louisiana	.1600	0.0000	.1600	.8950	0.0000	.0000	0.0000	.0000	.0000	.1600
Iowa	.1600	0.0000	.1600	.8950	0.0000	.0000	0.0000	.0000	.0000	.1600
Arizona	.1600	0.0000	.1600	.8950	0.0000	.0000	0.0000	.0000	.0000	.1600
Dist. Col.	.1550	0.0000	.1550	.8950	0.0000	.0000	0.0000	.0000	.0000	.1550
New York	.0800	.0013	.0813	.7250	.0665	.0482	.0338	.0245	.0727	.1540
West Virginia	.1050	0.0000	.1050	.8950	**	.0485	0.0000	.0000	.0485	.1535
Virginia	.1500	0.0000	.1500	.8950	0.0000	.0000	0.0000	.0000	.0000	.1500
Montana	.1500	0.0000	.1500	.8950	0.0000	.0000	0.0000	.0000	.0000	.1500
Idaho	.1450	0.0000	.1450	.8950	0.0000	.0000	0.0000	.0000	.0000	.1450
California	.0900	0.0000	.0900	.8950	.0475	.0425	.0130	.0116	.0541	.1441
Utah	.1400	0.0000	.1400	.8950	0.0000	.0000	0.0000	.0000	.0000	.1400
New Hampshire	.1400	0.0000	.1400	.8950	0.0000	.0000	0.0000	.0000	.0000	.1400
Maine	.1400	0.0000	.1400	.8950	0.0000	.0000	0.0000	.0000	.0000	.1400
Nevada	.1125	.0246	.1371	.8950	0.0000	.0000	0.0000	.0000	.0000	.1371
Maryland	.1350	0.0000	.1350	.8950	0.0000	.0000	0.0000	.0000	.0000	.1350
Arkansas	.1350	0.0000	.1350	.8950	0.0000	.0000	0.0000	.0000	.0000	.1350
Vermont	.1300	0.0000	.1300	.8950	0.0000	.0000	0.0000	.0000	.0000	.1300
South Dakota	.1300	0.0000	.1300	.8950	0.0000	.0000	0.0000	.0000	.0000	.1300
South Carolina	.1300	0.0000	.1300	.8950	0.0000	.0000	0.0000	.0000	.0000	.1300
Rhode Island	.1300	0.0000	.1300	.8950	0.0000	.0000	0.0000	.0000	.0000	.1300
North Dakota	.1300	0.0000	.1300	.8950	0.0000	.0000	0.0000	.0000	.0000	.1300
Mississippi	.0900	0.0000	.0900	.6435	.0600	.0386	0.0000	.0000	.0386	.1286
Florida	.0400	.0284	.0684	.8950	**	.0570	0.0000	.0000	.0570	.1254
Alabama	.1100	.0119	.1219	.8950	0.0000	.0000	0.0000	.0000	.0000	.1219
Pennsylvania	.1200	0.0000	.1200	.8950	0.0000	.0000	0.0000	.0000	.0000	.1200
Ohio	.1200	0.0000	.1200	.8950	0.0000	.0000	0.0000	.0000	.0000	.1200
North Carolina	.1200	0.0000	.1200	.8950	0.0000	.0000	0.0000	.0000	.0000	.1200
Oregon	.1100	0.0000	.1100	.8950	0.0000	.0000	0.0000	.0000	.0000	.1100
New Mexico	.1100	0.0000	.1100	.8950	0.0000	.0000	0.0000	.0000	.0000	.1100
Massachusetts	.1100	0.0000	.1100	.8950	0.0000	.0000	0.0000	.0000	.0000	.1100
Kansas	.1100	0.0000	.1100	.8950	0.0000	.0000	0.0000	.0000	.0000	.1100
Delaware	.1100	0.0000	.1100	.8950	0.0000	.0000	0.0000	.0000	.0000	.1100
Georgia	.0750	0.0000	.0750	.8200	.0300	.0246	.0091	.0081	.0327	.1077
Texas	.1000	0.0000	.1000	.8950	0.0000	.0000	0.0000	.0000	.0000	.1000
Oklahoma	.1000	0.0000	.1000	.8950	0.0000	.0000	0.0000	.0000	.0000	.1000
Kentucky	.1000	0.0000	.1000	.8950	0.0000	.0000	0.0000	.0000	.0000	.1000
Alaska	.0800	0.0000	.0800	.8950	0.0000	.0000	.0140	.0125	.0125	.0925
Wyoming	.0800	0.0000	.0800	.8950	0.0000	.0000	0.0000	.0000	.0000	.0800
New Jersey	.0800	0.0000	.0800	.8950	0.0000	.0000	0.0000	.0000	.0000	.0800
Missouri	.0700	0.0000	.0700	.8950	0.0000	.0000	0.0000	.0000	.0000	.0700

* Gasoline Price/Gal .895 is the price assumption for gasoline. See Notes (4) opposite page.

** Sales tax is based on statewide average price determined by Revenue Dept.

NOTES TO COLUMN HEADINGS
TABLE I

(1) State gasoline tax: The per-gallon tax on fuel that each state imposes. In states where the tax is not set by statute but by an administrative agency (based on price, consumption, construction costs, etc.,) the tax shown is the most recent determination. An example is Wisconsin where the tax is adjusted by the State Revenue Department each April 1 based on total consumption of fuel and the average cost of highway operations for the previous year.

(2) Local gasoline taxes: The per gallon taxes which cities or counties impose on fuel. Currently local taxes are imposed on gasoline in six states. They have been expressed on a state-wide basis for each state even though they are not uniformly imposed at the same level on a statewide basis. The conversion has been done by determining the percentage of the population in each state which pays each level of taxation.

Example 1: In Illinois, Cook county is the only county authorized to levy a per-gallon tax on all gasoline, and presently levies 4¢ per gallon. Cook county has, according to the 1980 census, 45.8% of the total Illinois population. Multiplying the 4¢ rate by the 45.8% of the population which pays, it produces an effective state-wide local tax of 1.832¢ per gallon.

Example 2: Each county in Nevada is authorized by law to levy a per gallon tax. Of the state's 17 counties 7 levy no tax and the remaining 10 levy from 1¢ to 4¢, broken down as follows:

5.5%	of	the	population	lives	in	counties	levying	0	=	0¢	
.4%	"	"	"	"	"	"	"	1¢	=	.0043¢	
64.7%	"	"	"	"	"	"	"	2¢	=	1.294¢	
29.4%	"	"	"	"	"	"	"	4¢	=	1.176¢	100.0%
100.0%										2.474¢	

Special taxes on leaded gasoline are imposed in Chicago (7¢) and New York City (1¢). For purposes of the gasoline tax table it is assumed that 1/3 of the gasoline sold in these cities is leaded.

(3) Total of (1) plus (2).

(4) Taxable price: The price to which the sales tax is applied. The price assumption for gasoline is the most recent national average price for all grades of motor gasoline as reported in the U.S. Department of Energy's September, 1986 Monthly Energy Review. This price includes all per-gallon taxes.

The taxable price is then determined by subtracting from the assumed pump price all taxes which may be excluded according to the laws of each state. In some states all state and local per-gallon taxes, plus the 9¢ per gallon federal tax, may be excluded from the price before the sales tax is computed. In other states only the state tax may be excluded, while still other states apply the sales tax to the pump price including all taxes.

(5) State sales tax rate. This column shows a sales tax rate for the 10 states which apply their sales tax to gasoline and a rate of 0 for the remaining states which do not. In West Virginia, Florida and Michigan the sales tax is applied not to the pump price but to a state-wide average selling price set by the state revenue agency. The resulting tax is expressed and collected in cents per gallon.

(6) State sales tax. This figure is expressed in cents per gallon and is obtained by multiplying the taxable per-gallon price by the sales tax rate.

(7) Local sales tax rate. Using the same method as for local per-gallon taxes a state-wide sales tax rate was obtained for those states where local sales taxes are imposed on gasoline.

(8) Local sales tax. Again, this figure is the product of the local sales tax rate times the taxable price, and is expressed in cents per gallon.

(9) Total of (6) plus (8).

(10) Total tax. This is the combined state and local fuel and fuel sales tax, in cents per gallon.

The rankings should be seen as general and not precise indications of the relative positions of the states because the amount of tax which separates one state from another can be extremely small (sometimes less than 1/10 of a cent). The rankings can change significantly with only a modest change in the assumed price of gasoline.

STATE GASOLINE TAXES ADJUSTED FOR REFUNDS AND EXEMPTIONS
TABLE II

STATE	(A) REFUND/EXEMPTION ADJUSTMENT (%)	(B) ADJUSTED TOTAL TAX ($/gal)
Illinois	.980	.2220
Hawaii	.995	.2161
Michigan	1.000	.1920
Indiana	.992	.1878
New York	.988	.1845
Nebraska	.953	.1811
Washington	.995	.1791
Colorado	.983	.1769
Wisconsin	.977	.1710
Connecticut	.997	.1695
MINNESOTA	.968	.1646
California	.992	.1624
Tennessee	.978	.1565
Louisiana	.978	.1565
Dist. Col.	1.000	.1550
West Virginia	.995	.1530
Virginia	.993	.1490
Mississippi	.995	.1451
Montana	.955	.1433
Iowa	.944	.1416
Idaho	.976	.1415
Utah	.995	.1393
Maine	.992	.1389
New Hampshire	.990	.1386
Nevada	.990	.1357
Arkansas	.999	.1349
Maryland	.985	.1330
Vermont	1.000	.1300
Rhode Island	.998	.1297
South Carolina	.992	.1290
Arizona	.984	.1279
Florida	.992	.1249
North Dakota	.938	.1219
Alabama	.998	.1217
Pennsylvania	.995	.1194
Georgia	.984	.1188
Ohio	.989	.1187
North Carolina	.978	.1174
South Dakota	.898	.1167
New Mexico	.997	.1097
Massachusetts	.995	.1095
Delaware	.995	.1095
Kansas	.957	.1053
Oklahoma	.999	.0999
Texas	.995	.0995
Kentucky	.994	.0994
Oregon	.988	.0988
Alaska	.981	.0954
New Jersey	.993	.0794
Wyoming	.969	.0775
Missouri	.979	.0685

NOTES TO COLUMN HEADINGS
TABLE II

(A) Refund-Exemption adjustment.

This percentage is each state's total taxable fuel gallons divided by its total reported fuel gallons, to reflect tax refund-exemption policies. It is the percentage of each state's total gallons which are subject to fuel taxation. The data is from the Federal Highway Administration's Highway Statistics 1985, the most recent edition available.

(B) Adjusted total tax.

This is the sum of the state and local sales tax and the adjusted state and local per-gallon taxes. The adjusted state and local per gallon tax is the total state and local per-gallon tax in column 3 of Table I multiplied by the refund/exemption adjustment percentage.

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CHANGES SINCE LAST SURVEY

The fuel price used in this survey is 83.7¢ per gallon, a reduction of 6.5% since the last (August 1986) survey. Since the last update (August 1986) the following state tax rates have been increased:

STATE	TAX RATE INCREASE
Delaware	11¢ to 13¢
Hawaii	(Maui county, 6¢ to 8¢)
Kentucky	10¢ to 15¢
Montana	15¢ to 17¢
North Carolina	12¢ to 15.5¢
Oregon	11¢ to 12¢
Tennessee	16¢ tp 17¢
Texas	10¢ to 15¢
Virginia	15¢ to 17.5¢

Variable taxes which were lowered were Nebraska (19¢ to 18.2¢) and Michigan's fuel sales tax (4.2¢ to 3.5¢).