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American Petroleum Institute
Policy Analysis & Statistics

Historical Trends in Motor Gasoline Taxes, 1918-2002

Motor gasoline taxes averaged 42 cents per gallon in 2002, including 18.4 cents per gallon in federal taxes, and 23.6 cents per gallon in average state taxes.¹ Historical rates of federal and state retail motor gasoline taxes in current cents per gallon over the period from 1918 through 2002 are listed in Table 1. The data reveal that the average motor fuel tax (federal and state) rose from less than a penny in 1919 to almost 4 cents per gallon in 1930, and 10 cents per gallon in 1960. Over the next decade the average gasoline tax rose by just a penny to 11.1 cents per gallon. By 1980 federal and state motor fuel taxes had increased to 13.8 cents per gallon. A decade later taxes had doubled reaching 26.9 cents per gallon by 1990. Since then federal and state motor fuel taxes have increased to 42 cents per gallon in 2002.

These tax rates are measured in current cents per gallon. To measure changes in real terms, taxes are adjusted for inflation. The results are shown in the last column of Table 1. The data show that taxes peaked in 1933 at 75 cents per gallon and remained high throughout the 1930s and into the 1940s. Thereafter, taxes declined, reaching a low point of 28 cents per gallon in 1982. Over the next 13 years, taxes increased, reaching 48 cents per gallon in 1995, but have subsequently declined a few cents per gallon.

Some states levy additional state sales taxes on motor fuel and these are also included in the total shown in Table 1. Seven states—California, Georgia, Hawaii, Indiana, Illinois, Michigan, and New York—apply a sales tax to the sale of gasoline. Some of these states even tax the taxes on motor fuel. For example, New York, Michigan, and Georgia apply the sales tax to the federal excise tax, and California taxes both its state motor fuel tax and the federal motor fuel tax. Even though there are only seven states that apply sales taxes to motor fuel, together they account for about one-third of the motor fuel used in the U.S.

Local county and municipal motor fuel taxes are largely excluded from the tax data shown in Table 1 because complete historical nationwide data on local taxes are unavailable. Yet, additional local taxes and other miscellaneous additional state taxes can have a significant impact, often doubling the amount paid. For example, gasoline taxes on Long Island, New York are approximately 52 cents per gallon, but references to gasoline taxes in New York state typically cite only the 8 cents per gallon state motor gasoline excise tax and the 18.4 cents per gallon federal tax.

A state-by-state breakdown of gasoline taxes by federal, state, and additional other taxes is summarized in Table 2. The state excise tax figures shown in the second column of the table are weighted by volumes consumed. This results in a nationwide average state gasoline excise tax of 17.9 cents per gallon. Additional other taxes add 5.7 cents per gallon to the average tax of gasoline. These additional taxes include applicable sales taxes, gross receipts taxes, oil inspection fees, underground storage tank fees, other miscellaneous environmental fees. Adding these taxes and fees to the state excise taxes results in a volume-weighted average state tax of 23.6 cents per gallon.

State-by-state gasoline tax estimates are ranked in descending order in Figure 1. Hawaii leads the nation with the highest gasoline tax. As of July 2002 it totaled 53.5 cents per gallon. This includes 18.4 cents per gallon in federal taxes, 16 cents per gallon in state excise taxes, 15.0 cents per gallon in additional county taxes, an estimated 4.0 cents per gallon from a four percent state sales tax, and 0.1 cent per gallon for an environmental response tax. In contrast, Alaska's gasoline tax of 26.4 cents per gallon is the lowest in the nation.

¹ Average state taxes are weighted by state gasoline consumption records.

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ASSEMBLY TAXATION
DATE: 4/10/03 ROOM: 4100 EXHIBIT P
SUBMITTED BY: John Sander

Table 1: Federal and State Motor Gasoline Taxes, 1918-1961 (cents per gallon)

Year	Federal Taxes	State Taxes	Federal & State Total ^b	Inflation-Adjusted Total ^c
1918	0.0	0.0	0.0	0.0
1919	0.0	0.1	0.1	0.6
1920	0.0	0.1	0.1	0.8
1921	0.0	0.2	0.2	2.0
1923	0.0	0.9	0.9	9.6
1924	0.0	1.5	1.5	15.5
1925	0.0	2.1	2.1	21.6
1926	0.0	2.4	2.4	24.4
1928	0.0	3.0	3.0	31.9
1929	0.0	3.5	3.5	36.7
1930	0.0	3.8	3.8	40.7
1931	0.0	4.0	4.0	47.2
1933	1.3	4.2	5.4	74.7
1934	1.0	4.2	5.2	69.8
1935	1.0	4.3	5.3	69.3
1936	1.0	4.4	5.4	69.1
1938	1.0	4.4	5.4	69.3
1939	1.0	4.4	5.4	70.3
1940	1.3	4.4	5.7	72.6
1941	1.5	4.4	5.9	72.4
1943	1.5	4.5	6.0	61.9
1944	1.5	4.5	6.0	60.9
1945	1.5	4.5	6.0	60.0
1946	1.5	4.6	6.1	56.0
1948	1.5	4.8	6.3	47.2
1949	1.5	5.0	6.5	49.2
1950	1.5	5.2	6.7	49.8
1951	1.2	5.7	6.8	47.2
1953	2.0	5.4	7.4	49.8
1954	2.0	5.5	7.5	49.9
1955	2.0	5.7	7.7	51.2
1956	2.5	5.9	8.4	55.2
1958	3.0	5.9	8.9	55.3
1959	3.3	6.1	9.3	57.4
1960	4.0	6.1	10.1	61.5
1961	4.0	6.2	10.2	61.4

Table 1: Federal and State Motor Gasoline Taxes, 1962-2002 (cents per gallon)

Year	Federal Taxes	State Taxes	Federal & State Total ^b	Inflation-Adjusted Total ^c
1963	4.0	6.3	10.3	60.5
1964	4.0	6.4	10.4	60.0
1965	4.0	6.5	10.5	59.5
1966	4.0	6.5	10.5	58.2
1968	4.0	6.8	10.8	55.6
1969	4.0	7.0	11.0	53.8
1970	4.0	7.1	11.1	51.5
1971	4.0	7.2	11.2	49.8
1973	4.0	7.9	11.9	48.3
1974	4.0	8.3	12.3	44.8
1975	4.0	8.4	12.4	41.4
1976	4.0	8.5	12.5	39.4
1978	4.0	8.7	12.7	35.0
1979	4.0	9.2	13.2	32.6
1980	4.0	9.8	13.8	30.1
1981	4.0	10.5	14.5	28.6
1983	7.8	11.6	19.3	34.8
1984	9.0	12.4	21.4	37.0
1985	9.0	13.0	22.0	36.7
1986	9.0	13.7	22.7	37.2
1988	9.1	15.0	24.1	36.6
1989	9.1	16.0	25.1	36.3
1990	9.5	17.4	26.9	36.9
1991	14.1	18.7	32.8	43.2
1993	15.2	20.2	35.4	44.0
1994	18.4	20.8	39.2	47.5
1995	18.4	22.0	40.4	47.6
1996	18.3	22.4	40.7	46.6
1998	18.4	22.6	41.0	45.2
1999	18.4	23.1	41.5	44.7
2000	18.4	23.8	42.2	44.0
2001	18.4	23.6	42.0	42.6

^aRepresents annualized tax increases.

^bExcludes local taxes.

^cMeasured in 2002 cents per gallon.

Sources: American Petroleum Institute summaries of "State Motor Fuel Tax Rates," and reports on "Nationwide and State-by-State Motor Fuel Taxes."

Table 2: Estimates of State and Federal Gasoline Taxes as of July 2002 (cents per gallon)

State	State Excise	Other State Taxes	Total State Taxes	Total Federal & State Taxes
Alaska	8.0		8.0	26.4
Arizona	18.0	1.0	19.0	37.4
Arkansas	21.5	0.2	21.7	40.1
California	18.0	14.0	32.0	50.4
Connecticut	25.0	4.7	29.7	48.1
Delaware	23.0		23.0	41.4
Dist. of Col.	20.0		20.0	38.4
Florida	13.6	16.0	29.6	48.0
Hawaii	16.0	19.1	35.1	53.5
Idaho	25.0		25.0	43.4
Illinois	19.0	11.0	30.0	48.4
Indiana	15.0	3.1	18.1	36.5
Kansas	23.0	1.0	24.0	42.4
Kentucky	15.0	6.4	21.4	39.8
Louisiana	20.0		20.0	38.4
Maine	22.0	1.5	23.5	41.9
Massachusetts	21.0	0.5	21.5	39.9
Michigan	19.0	7.2	26.2	44.6
Minnesota	20.0		20.0	38.4
Mississippi	18.0	0.8	18.8	37.2
Montana	27.0	0.8	27.8	46.2
Nebraska	24.5	0.9	25.4	43.8
Nevada	23.0	10.3	33.3	51.7
New Hampshire	18.0	2.6	20.6	39.0
New Mexico	17.0	1.0	18.0	36.4
New York	8.0	22.3	30.3	48.7
North Carolina	22.1	0.3	22.4	40.8
North Dakota	21.0		21.0	39.4
Oklahoma	16.0	1.0	17.0	35.4
Oregon	24.0		24.0	42.4
Pennsylvania	12.0	14.7	26.7	45.1
Rhode Island	27.0	4.0	31.0	49.4
South Dakota	22.0	2.0	24.0	42.4
Tennessee	20.0	1.4	21.4	39.8
Texas	20.0		20.0	38.4
Utah	24.5		24.5	42.9
Virginia	17.5	1.4	18.9	37.3
Washington	23.0		23.0	41.4
West Virginia	20.5	4.9	25.4	43.8
Wisconsin	28.1	3.0	31.1	49.5
U.S. Total	17.9	5.7	23.6	42.0

Sources: Same as Table 1.

Figure 1: Gasoline Taxes as of July 2002 (cents per gallon)

