



NATIONAL CONFERENCE *of* STATE LEGISLATURES

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RECENT LEGISLATIVE ACTIONS LIKELY TO CHANGE GAS TAXES

NCSL Transportation Program

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No state legislature approved an increase to gasoline taxes in 2010, 2011 or 2012.

Then, in 2013, six states and the District of Columbia enacted legislation that will increase or may increase overall state gas taxes. In 2014, three more states followed suit. Notably, except for New Hampshire and Wyoming, all of these jurisdictions moved toward a gas tax that tracks with the economy to some degree, either by tying the rate to inflation or basing it on the price of fuel.

In 2015, eight states—Georgia, Idaho, Iowa, Michigan, Nebraska, South Dakota, Utah and Washington—passed legislation to increase gas taxes, and two more a states—Kentucky and North Carolina—altered the structure of their taxes in order to limit decreasing revenues. Breaking from the previous two years' trend, only Michigan and Utah elected to allow their tax to track with the economy. Georgia, Kentucky and North Carolina's gas taxes will still track with the economy to some degree, but the each legislature altered the mechanism for doing so.

In recent years, two states took the question of gas tax increases to their voters.

In 2013, the Massachusetts legislature passed House Bill 3535, which increased the state gas tax and, among other provisions, set the gas tax to be indexed to inflation starting in 2015. In the November 2014 midterm elections, Massachusetts voters approved a ballot initiative that repealed the indexing requirements of the legislation.

In May 2015, Michigan voters rejected Ballot Proposal 1, which would have enacted an 11-bill transportation funding package, including the state gas tax increase. The Michigan Legislature has since passed a separate transportation funding package which did not require voter approval.

Summaries of the bills are below, with links to bill information on the relevant state legislative website. Additional details are available at [NCSL's Transportation Funding and Finance Legislation Database](#). Note that this list does not include those states that, because of indexing or other mechanisms, automatically altered their gas taxes during this timeframe without legislative action.

2015 LEGISLATIVE ACTIONS

Bill	Summary
Georgia House Bill 170	<p>Increases the per gallon motor fuel tax from 7.5 cents to 26 cents for gasoline and 29 cents for diesel. These rates will be adjusted each year based on the consumer price index. Additionally, the bill will exempt motor fuel sales from state sales tax and permit counties and municipalities to impose a 1 percent use tax on motor fuels.</p> <p>Further, the bill will establish new \$200 registration fees for alternative fuel vehicles and index those fees to inflation. The existing \$5,000 tax credit for the purchase of alternative fueled vehicles will be eliminated.</p>
Idaho House Bill 312	<p>Among other provisions, this bill increases state motor fuel taxes by 7 cents per gallon, increasing the current rate of 25 cents to 32 cents. The additional revenue will be split between local governments (40 percent) and the state highway account (60 percent).</p> <p>Additionally the bill creates a new electric vehicle registration fee of \$140 and a hybrid vehicle registration fee of \$75.</p>
Iowa Senate Bill 257	<p>This bill increases the state excise tax on gasoline, diesel and alternative motor fuels by 10 cents per gallon. The new excise tax on gasoline will be 30 cents per gallon. Additionally the bill increases the excise tax on aviation fuel by 2 cents per gallon, increases fees for excess size and weight permits, and includes various other provisions.</p>
Kentucky House Bill 299	<p>Establishes a new process for how the state determines the “average wholesale floor” price of gasoline. The new process will essentially limit the impact of a decrease in wholesale gasoline prices on the state’s nine percent excise tax on motor fuel.</p>
Michigan House Bill 4738	<p>This bill, on Jan. 1, 2017, increases the state motor fuel tax on gasoline by 7.3 cents per gallon and the motor fuel tax on diesel by 11.3 cents. After the increase both the tax on gasoline and diesel will be 26.3 cents per gallon. Beginning on Jan. 1, 2022, both motor fuel taxes will be indexed to inflation.</p>
Nebraska Legislative Bill 610	<p>This bill was vetoed by the governor and subsequently overturned by the legislature. The legislation will, over the next four years, increase the portion of the tax allocated to the state by ½ cent per year and increase the portion allocated to cities and counties by 1 cent per year. The current total gas tax of 10.3 cents per gallon will increase to 16.3 cents by 2019.</p>
North Carolina Senate Bill 20	<p>This legislation replaces the current gas tax, which is structured to include a flat per gallon rate and a variable rate, with a flat rate of 34 cents per gallon. Beginning in 2017, this rate will be increased based on population growth and the consumer price index.</p>

2015 LEGISLATIVE ACTIONS	
Bill	Summary
South Dakota Senate Bill 1	The bill increases the tax on motor fuels by 6 cents per gallon to 28 cents. Additionally, the bill increases certain license plate fees and adjusts the excise tax on special fuels.
Utah House Bill 362	Among other provisions, this bill replaces the current gas tax of 24.5 cents per gallon with a 12 percent tax on the average rack price of a gallon of gas, effective Jan. 1, 2016. For purposes of calculating the fuel, the average rack price cannot fall below \$2.45 per gallon after 2019 and will be tied to the consumer price index.

2015 VOTER ACTIONS	
Bill	Summary
Michigan Ballot Proposal 1 Vote Info	Voters rejected Ballot Proposal 1, which would have, among other provisions, created a variable-rate gas tax. The proposal failed with just over 80 percent of voters opposed.

2014 LEGISLATIVE ACTIONS	
Bill	Summary
Michigan House Bill 5477	As part of an 11-bill transportation funding package, this bill, among other changes, replaces the current fixed motor fuel tax with a variable tax based on wholesale prices. Effective Oct. 1, 2015, the current fixed rates of 19 cents (gasoline) and 14 cents (diesel) will be replaced with a tax based on 14.9 percent of the wholesale prices of each fuel. The bill contains a mechanism to protect against large swings caused by volatile fuel prices, limiting increases to no more than 5 percent. Other bills in the transportation package exempt motor fuels from the state sales tax and adjust the state sales tax accordingly (HB 4539 and HB 5492). <i>This package was rejected by the voters in May 2015, see 2015 Voter Actions.</i>
New Hampshire Senate Bill 367	Among other provisions, this bill makes a one-time increase to the state tax on motor fuels, effective July 1, 2014. The increase is to be calculated according to the change in the Consumer Price Index from 2003 to 2013 (estimated at a 4.2 cent increase over the current rate of 18 cents per gallon). It also repeals the increase when the bonds authorized for a project to widen a portion of Interstate 93 are paid in full, or 20 years after the initial issuance of the bonds, whichever is earlier.

2014 LEGISLATIVE ACTIONS	
Bill	Summary
Rhode Island House Bill 7133	<p>This budget bill does not increase the gas tax outright, but it does index it to inflation, which is expected to raise the rate in future years. Among other provisions, the legislation indexes the gasoline tax to the Consumer Price Index for all Urban Consumers (CPI-U) beginning July 1, 2015, and every other year thereafter. The calculated rate is to be rounded to the nearest \$0.01 increment and the total tax must not fall below its current rate of \$0.32 per gallon.</p>

2014 VOTER ACTIONS	
Bill	Summary
Massachusetts Ballot Question 1 Vote Info	<p>Voters approved Ballot Question 1, which repealed the indexing requirements of House Bill 3535 (2013). The initiative petition passed with just under 53 percent of the vote.</p>

2013 LEGISLATIVE ACTIONS

Bill	Summary
Maryland House Bill 1515	Among other provisions, this bill indexes motor fuel tax rates to the Consumer Price Index starting in FY 2014 and limits the increase to no more than 8 percent of the rate effective in the previous year. It also phases in a new sales and use tax equivalent rate on motor fuel (based on a percentage of the retail price), with the final rate contingent on whether federal legislation on out-of-state sales tax collection is enacted by Dec. 1, 2015. In addition, the legislation requires the Maryland Transit Administration (MTA) to index transit fares to inflation starting in FY 2015.
Massachusetts House Bill 3535	Among other provisions, this bill increases the gas tax from 21 cents per gallon to 24 cents per gallon from July 1, 2013, to Jan. 1, 2015. Starting in 2015, the rate will be indexed to inflation.
Pennsylvania House Bill 1060	Among other provisions, this comprehensive transportation funding package repeals the state's cents-per-gallon fuel tax as of Jan. 1, 2014, and replaces it with an increased rate on the oil company franchise tax. This increased rate is achieved by raising and removing the cap on the average wholesale price of fuels subject to the tax. Beginning Jan. 1, 2017, the cap is eliminated and a \$2.99 floor is put in place. The bill also raises various fees to the rate of inflation and indexes them to inflation thereafter; increases funding for multimodal and public transportation; and creates an optional county vehicle registration fee.
Vermont House Bill 510	This bill imposes a 4 percent tax on the average retail price of gasoline over two years (within limits) while also lowering the cents-per-gallon gas tax by a total of 6.9 cents per gallon. It is predicted to yield a net gas tax increase of 5.9 cents per gallon in FY 2014. The bill also raises the diesel tax by 3 cents per gallon over two years.
Virginia House Bill 2313	This legislation repeals Virginia's cents-per-gallon gas tax entirely. In place of the previous 17.5 cents-per-gallon tax, the bill 1) establishes a percentage-of-wholesale-price tax of 3.5 percent for gasoline and 6 percent for diesel, with additional rate increases contingent on whether federal legislation on out-of-state sales tax collection is enacted by Jan. 1, 2015, 2) increases the dedicated share of existing general sales tax revenues used for transportation from 0.5 percent to 0.675 percent, and 3) also raises the sales tax itself by 0.3 percent across the state, with the additional revenues also to be allocated to transportation purposes. The bill further creates a \$64 annual fee on hybrid, alternative fuel and electric vehicles. (The fee for hybrid vehicles was repealed in 2014.)
Wyoming House Bill 69	This bill raises the total tax on gasoline and diesel from 14 cents per gallon to 24 cents per gallon, effective July 1, 2013.

2013 LEGISLATIVE ACTIONS

Bill	Summary
District of Columbia Bill 20-199 §7291	A provision within the budget bill replaces the previous cents-per-gallon gas tax with a tax that is 8 percent of the average wholesale price. For the purposes of this calculation, the average wholesale price cannot be less than \$2.94 and it cannot vary by more than 10 percent from the average wholesale price for the previous six-month period.