



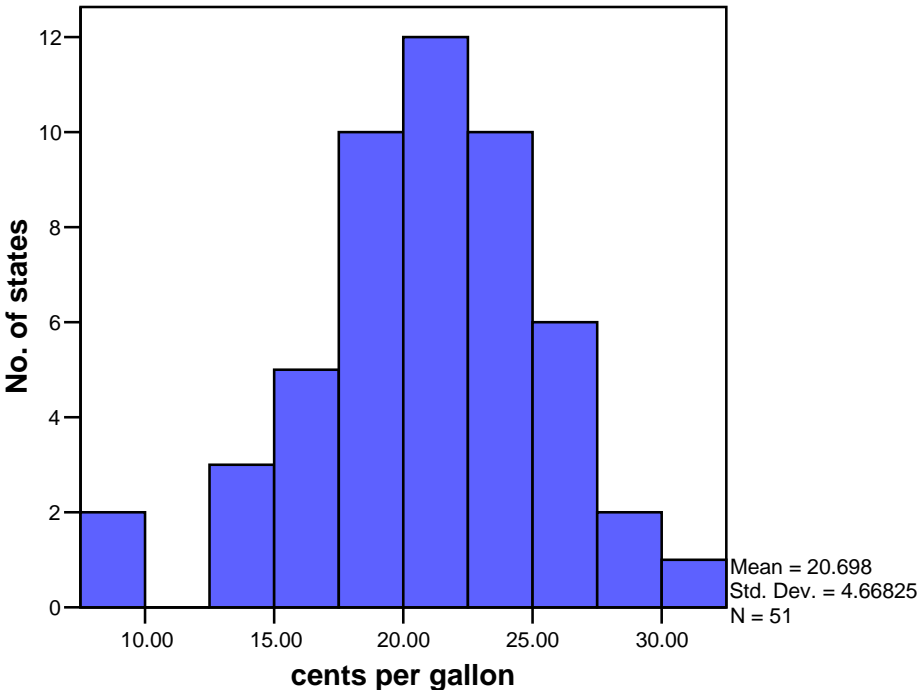
## **The Vermont Legislative Research Shop**

### **Motor Fuel Excise and Sales Taxes**

The federal government levies an excise tax of 18.4 cents per gallon of gasoline sold. The amount that states tax on top of that varies from 7.5 cents per gallon in Georgia and 8 cents in Alaska all the way up to 31 cents per gallon in Rhode Island and 28.5 cents in Wisconsin.<sup>1</sup> The average tax on gasoline for all states is 20.3 cents per gallon. Vermont currently taxes 20 cents per gallon and is ranked 30<sup>th</sup> among all states.<sup>2</sup>

The federal government taxes 24.4 cents per gallon for diesel fuel. The amount that each state taxes varies from a low of 7.5 cents in Georgia and 8 cents in Alaska to 30.8 cents in Pennsylvania. Vermont currently taxes 26 cents per gallon of diesel fuel and is tied with several other states at 10<sup>th</sup>

gas tax in order to accommodate transportation improvement.<sup>8</sup> The variation of state taxes on motor fuel can be seen in figure 1.



**Figure 1:** The mean and distribution of motor fuel tax in the United States.

Source: Rick Vanderknyff. "The Best and Worst States for Taxes." MSN. <http://moneycentral.msn.com/content/Taxes/P111921.asp?special=0502tax>.

## Tax Relief for Vehicle Registration

Vermont offers exemptions on vehicles registration for: veterans, the disabled, vehicles belonging to volunteer fire departments, charitable institutions, and government agencies.<sup>10</sup>

California offers late vehicle registration fee exemptions for members of the armed services or National Guard.<sup>11</sup>

Nevada offers car registration relief for veterans, veteran's widows, and the blind.<sup>12</sup> Nevada Legislature now has a car registration rebate bill before it that is supported by the Governor. The proposed rebate program was introduced as a means of spending the state's 360 million dollar surplus. The program would refund up to \$300 to every vehicle owner in the state.<sup>13</sup>

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Compiled by the request of Representative David Sharpe by Daniel Wander, Richard Hodges, and Micah Rabin, under the supervision of Professor Anthony Gierzynski on April 5, 2005.

Disclaimer: This report was prepared by undergraduate students at the University of Vermont under the supervision of Professor Anthony Gierzynski. The material contained in this report does not reflect official policy of the University of Vermont.

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<sup>10</sup> Vermont Department of Motor Vehicles, "Purpose and Use Tax Exemptions", <http://www.aot.state.vt.us/dmv/REGISTRATION/tax/TAXExemptions.htm> Web site visited on 3-29-05.

<sup>11</sup> Kathleen Murphy, "New Years rings in many new state laws", Stateline.org Tuesday, December 28, 2004 <http://www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=15886> Web site visited 3-29-05.

<sup>12</sup> Nevada Department of Motor Vehicles, "Vehicle Registration" <http://www.dmvnv.com/nvreg.htm#tax> Web site visited on 3-17-05.

<sup>13</sup> Nevada Appeal Editorial Board, "Guinn goes for the registration rebate", January 7, 2005 <http://www.nevadaappeal.com/article/20050107/OPINION/101070028&SearchID=7320133030567> Web site visited 3-17-05.

## Appendix

### TAX RATES ON MOTOR FUEL - 2003<sup>1</sup>

TABLE MF-121T  
SHEET 1 OF 2

NOVEMBER 2004		(CENTS PER GALLON)									
STATE	GASOLINE		DIESEL		LIQUEFIED PETROLEUM GAS		GASOHOL 2/			EXEMPTION	
	RATE	EFFECTIVE DATE	RATE	EFFECTIVE DATE	RATE	EFFECTIVE DATE	RATE	EFFECTIVE DATE			
Alaska	8	07/01/70	-	-	8	07/01/97	-	-	-	Alaska	8
Arizona *	26	07/01/90	18	07/01/90	18	07/01/90	-	-	-	Arizona *	18
Arkansas *	22.7	09/01/01	16.5	01/01/02	21.7	09/01/01	-	-	-	Arkansas *	21.7
California *	18	01/01/94	6	01/01/94	18	01/01/94	-	-	-	California *	18
Colorado *	20.5	01/01/92	20.5	01/01/92	22	01/01/91	-	-	-	Colorado *	22
Connecticut *	26	08/01/02	-	07/01/96	24	07/01/00	1	-	-	Connecticut *	25
Delaware	22	01/01/95	22	01/01/95	23	01/01/95	-	-	-	Delaware	23
Dist. of Col.	20	10/01/94	20	10/01/94	20	10/01/94	-	-	-	Dist. of Col.	20
Florida	13.9	01/01/02	26.4	01/01/02	26.4	01/01/02	13.9	01/01/02	-	Florida	13.9
Idaho	15	04/01/93	15	04/01/93	15	04/01/93	-	-	-	Idaho	15
Iowa *	20.3	07/01/03	22.5	01/01/99	20	01/01/99	16	01/01/99	-	Iowa *	16
Kansas *	24	07/01/03	26	07/01/03	27	07/01/03	24	07/01/03	-	Kansas *	24
Kentucky *	16.4	07/15/94	16.4	07/15/94	16.4	07/15/94	13.4	07/15/94	16.4	Kentucky *	16.4
Louisiana	23.5	06/01/92	24.25	07/01/93	23.5	07/01/93	23.5	06/01/92	-	Louisiana	23.5
Maryland	23.1	01/01/99	23.1	01/01/99	23.1	01/01/99	23.1	01/01/99	-	Maryland	23.1
Massachusetts	22.5	01/01/99	22.5	01/01/99	22.5	01/01/99	22.5	01/01/99	-	Massachusetts	22.5
Michigan	22	01/01/99	22	01/01/99	22	01/01/99	22	01/01/99	-	Michigan	22
Minnesota	22	01/01/99	22	01/01/99	22	01/01/99	22	01/01/99	-	Minnesota	22
Mississippi	22	01/01/99	22	01/01/99	22	01/01/99	22	01/01/99	-	Mississippi	22
Missouri	22	01/01/99	22	01/01/99	22	01/01/99	22	01/01/99	-	Missouri	22
Montana	22	01/01/99	22	01/01/99	22	01/01/99	22	01/01/99	-	Montana	22
Nebraska	22	01/01/99	22	01/01/99	22	01/01/99	22	01/01/99	-	Nebraska	22
Nevada	25.7	01/01/99	25.7	01/01/99	25.7	01/01/99	25.7	01/01/99	-	Nevada	25.7
New Hampshire	18.5	01/01/99	18.5	01/01/99	18.5	01/01/99	18.5	01/01/99	-	New Hampshire	18.5
New Jersey	18.5	01/01/99	18.5	01/01/99	18.5	01/01/99	18.5	01/01/99	-	New Jersey	18.5
New Mexico	18.5	01/01/99	18.5	01/01/99	18.5	01/01/99	18.5	01/01/99	-	New Mexico	18.5
North Carolina *	24.2	01/01/99	24.2	01/01/99	24.2	01/01/99	24.2	01/01/99	-	North Carolina *	24.2
North Dakota	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	North Dakota	24
Ohio	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Ohio	24
Oklahoma	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Oklahoma	24
Oregon	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Oregon	24
Pennsylvania	25.2	01/01/99	25.2	01/01/99	25.2	01/01/99	25.2	01/01/99	-	Pennsylvania	25.2
Rhode Island	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Rhode Island	24
South Carolina *	16	01/01/99	16	01/01/99	16	01/01/99	16	01/01/99	-	South Carolina *	16
South Dakota	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	South Dakota	24
Tennessee *	21.4	04/01/03	20	04/01/89	20	04/01/89	21.4	04/01/03	18	Tennessee *	18
Texas *	20	10/01/91	20	01/01/87	20	10/01/91	20	10/01/91	2	Texas *	2
Utah	23.5	01/01/99	23.5	01/01/99	23.5	01/01/99	23.5	01/01/99	-	Utah	23.5
Vermont	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Vermont	24
Virginia	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Virginia	24
Washington	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Washington	24
West Virginia	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	West Virginia	24
Wisconsin *	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Wisconsin *	24
Wyoming	24	01/01/99	24	01/01/99	24	01/01/99	24	01/01/99	-	Wyoming	24
Weighted Avg.	20.5		20.5		20.5		20.5			Weighted Avg.	20.5
Federal Tax	18.4		18.4		18.4		18.4			Federal Tax	18.4

Source: U.S. Department of Transportation Federal Highway Administration, "Tax Rates on Motor Fuels 2003"  
<http://www.fhwa.dot.gov/policy/ohim/hs03/pdf/mf121t.pdf>