



Nationwide and State-by-State Motor Fuel Taxes, January 2004

The nationwide average tax on gasoline is 42.7 cents per gallon as of January 2004. Taxes on motor diesel fuel average 48.5 cents per gallon. The breakdown by federal, state, and additional other taxes is summarized below. The state excise tax figures are weighted by volumes consumed. This results in a U.S. average state gasoline excise tax of 18.4 cents per gallon, and an average state diesel excise tax of 18.9 cents per gallon. Additional other taxes add 5.9 cents per gallon to the average tax of gasoline and 5.2 cents per gallon to the tax of diesel fuel. These additional taxes include applicable sales taxes, gross receipts taxes, oil inspection fees, underground storage tank fees, other miscellaneous environmental fees, and commercial motor fuel use fees. Adding these taxes and fees to the state excise taxes results in a volume-weighted average state tax of 24.3 cents per gallon for gasoline and 24.1 cents per gallon for motor diesel fuel.

Estimates of Motor Fuel Taxes* as of January 2004 (cents per gallon)		
Taxes	Gasoline	Diesel
State excise only	18.4	18.9
Other state taxes	+5.9	+5.2
Total State	24.3	24.1
Federal	+18.4	+24.4
Total State and Federal	42.7	48.5
<small>*Largely excludes local taxes, which may average about 2 cents per gallon nationwide. Sources: API State Government Relations, "State Motor Fuel Tax Rates, January 2004," www.api.org; the U.S. Energy Information Administration, "Retail Gasoline National Price—All Grades" and "Retail On-Highway Diesel Fuel Prices by Week and by Petroleum Administration for Defense District," www.eia.doe.gov.</small>		

Taxes add a significant amount to the price of motor fuel. The nationwide average price of gasoline, exclusive of taxes, on January 26, 2004 was \$1.23 per gallon and for motor diesel fuel it was \$1.10 per gallon. The table below shows the magnitude of taxes as a share of retail prices. Federal and state taxes are shown to account for 25.7 percent of the pump price of gasoline and 30.5 percent of the pump price of motor diesel fuel. Another way to measure motor fuel taxes is as a percentage share of the net-of-tax retail prices, or product prices. The resulting shares are equivalent to a nationwide sales tax of 34.7

Nationwide Average Retail Motor Fuel Prices and Taxes* (\$ per gallon)		
Price/Tax	Gasoline	Diesel
Prices:		
Average Retail	\$1.66	\$1.59
Product Price (retail net of taxes)	\$1.23	\$1.10
Taxes:		
as % of Retail Price	25.7%	30.5%
as % of Product Price (sales tax equivalent)	34.7%	44.1%
<small>* Largely excludes local taxes, which may average about 2 cents per gallon nationwide. Sources: The U.S. Energy Information Administration motor fuel prices as of January 26, 2004. The retail price of gasoline is the volume-weighted average price for conventional and reformulated gasolines. The retail diesel price represents the on-highway price.</small>		

percent on gasoline and 44.1 percent on diesel fuel. In contrast, state sales tax rates range from 3 to 7 percent and average 5 percent nationwide.

State-by-state tax estimates for gasoline and diesel fuel are shown in the following tables and the results are ranked in descending order in the charts that follow. Hawaii leads the nation with the highest gasoline tax. As of January 2004 it totaled 54.7 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 5.2 cents per gallon from a 4 percent state sales tax, and 0.1 cent per gallon for an environmental response tax. Hawaii also has the highest diesel fuel tax — 60 cents per gallon. This includes the federal tax of 24.4 cents per gallon, 16 cents per gallon in state excise taxes, 15 cents per gallon in additional county taxes, an estimated 4.5 cents per gallon from a 4 percent state sales tax, and 0.1 cent per gallon for an environmental response tax. In contrast, Alaska has the lowest taxes at 26.4 cents per gallon for gasoline and 32.4 cents per gallon for diesel.

The taxes shown in the tables and figures below *largely* exclude local taxes, but some exceptions have been made. In states where counties collect taxes on motor fuel, a rough average of the amount levied in all the counties is calculated and included under the column heading “other state taxes” shown in the third column of the tables below. The states affected include Alabama, California, Florida, Hawaii, Illinois, Nevada, New York, and Virginia. So, for example, in Florida 67 counties levy an additional tax on gasoline ranging from 1 to 17.7 cents per gallon. Each county tax rate is multiplied by its population to obtain an estimated statewide average county tax of 13.9 cents per gallon. Florida also collects 2.2 cents per gallon in taxes for environmental purposes. Together these additional other taxes and fees amount to 16.1 cents per gallon. This amount is shown in the third column of the state gasoline tax table. Explanations of the other taxes for individual states are provided in the notes to the tax tables at the end of this report. Although rough, the resulting averages are a more accurate reflection of the amount of tax collected in these states than they would be with the exclusion of this category of taxes.

Applicable state sales taxes are also included in the amounts shown in the third column of the state gasoline and diesel tax tables. Although only a handful of states apply these taxes on top of the excise taxes (including California, Georgia, Hawaii, Indiana, Illinois, Michigan, and New York), together they apply to about one-third of the motor fuel used in the U.S. Moreover, some of these states even tax the taxes on motor fuel. New York, Michigan, and Georgia, for example, apply the sales tax to the federal excise tax, and California applies its sales tax to both the state and federal excise taxes. Finally, a few states (Arizona, Illinois, Indiana, Kentucky, and Ohio) levy higher motor fuel taxes on commercial vehicles than passenger vehicles. Since most diesel fuel is consumed commercially, the higher rate is included in the state diesel tax table.

Estimates of State and Federal Gasoline Taxes as of January 2004
(cents per gallon)

State	State Excise^a	Other State Taxes^b	Total State Taxes	Total Federal & State Taxes^c
Alabama	16.0	5.2	21.2	39.6
Alaska	8.0		8.0	26.4
Arizona	18.0	1.0	19.0	37.4
Arkansas	21.5		21.5	39.9
California	18.0	14.4	32.4	50.8
Colorado	22.0		22.0	40.4
Connecticut	25.0	5.1	30.1	48.5
Delaware	23.0		23.0	41.4
Dist. of Columbia	20.0		20.0	38.4
Florida	14.3	16.1	30.4	48.8
Georgia	7.5	5.2	12.7	31.1
Hawaii	16.0	20.3	36.3	54.7
Idaho	25.0		25.0	43.4
Illinois	19.0	7.7	26.7	45.1
Indiana	18.0	5.3	23.3	41.7
Iowa	20.3	1.0	21.3	39.7
Kansas	24.0	1.0	25.0	43.4
Kentucky	15.0	1.4	16.4	34.8
Louisiana	20.0		20.0	38.4
Maine	24.6	1.5	26.1	44.5
Maryland	23.5		23.5	41.9
Massachusetts	21.0	2.5	23.5	41.9
Michigan	19.0	8.2	27.2	45.6
Minnesota	20.0	2.0	22.0	40.4
Mississippi	18.0	0.8	18.8	37.2
Missouri	17.0		17.0	35.4
Montana	27.0	0.8	27.8	46.2
Nebraska	24.8	0.9	25.7	44.1
Nevada	23.0	10.2	33.2	51.6
New Hampshire	18.0	2.6	20.6	39.0
New Jersey	10.5	4.0	14.5	32.9
New Mexico	17.0	1.0	18.0	36.4
New York	8.0	25.0	33.0	51.4
North Carolina	24.3	0.3	24.6	43.0
North Dakota	21.0		21.0	39.4
Ohio	26.0		26.0	44.4
Oklahoma	16.0	1.0	17.0	35.4
Oregon	24.0		24.0	42.4
Pennsylvania	12.0	15.3	27.3	45.7
Rhode Island	27.0	4.0	31.0	49.4
South Carolina	16.0	0.8	16.8	35.2
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
Vermont	19.0	1.0	20.0	38.4
Virginia	17.5	1.5	19.0	37.4
Washington	28.0		28.0	46.4
West Virginia	20.5	4.9	25.4	43.8
Wisconsin	28.5	3.0	31.5	49.9
Wyoming	13.0	1.0	14.0	32.4
U.S. Average^d	18.4	5.9	24.3	42.7

^a State excise taxes represent rates effective as of January 1, 2004.

^b Includes some local county taxes in Alabama, California, Florida, Hawaii, Illinois, Nevada, New York, and Virginia. Also includes state sales taxes, gross receipts taxes, and underground storage tank taxes. State sales taxes, expressed in cents per gallon, are based on selected city average retail gasoline prices as of June 6, 2003. See notes to tax tables for individual states.

^c Includes 18.4 cents per gallon federal excise tax and volume-weighted average U.S. total state taxes.

^d Represents the average of state tax rates multiplied by state gasoline consumption records.

Sources: API State Government Relations, "State Motor Fuel Tax Rates, January 1, 2004" www.api.org; the Federal Highway Administration, "Monthly Motor Fuel Reported by States"; and the U.S. Energy Information Administration, "Motor Gasoline Watch."

Estimates of State and Federal Diesel Fuel Taxes as of January 2004

(cents per gallon)

State	State Excise^a	Other State Taxes^b	Total State Taxes	Total Federal & State Taxes^c
Alabama	17.0	5.1	22.1	46.5
Alaska	8.0		8.0	32.4
Arizona	18.0	10.0	28.0	52.4
Arkansas	22.5		22.5	46.9
California	18.0	13.2	31.2	55.6
Colorado	20.5		20.5	44.9
Connecticut	26.0	5.3	31.3	55.7
Delaware	22.0		22.0	46.4
Dist. of Columbia	20.0		20.0	44.4
Florida	27.0	2.2	29.2	53.6
Georgia	7.5	5.2	12.7	37.1
Hawaii	16.0	19.6	35.6	60.0
Idaho	25.0		25.0	49.4
Illinois	21.5	13.9	35.4	59.8
Indiana	16.0	16.3	32.3	56.7
Iowa	22.5	1.0	23.5	47.9
Kansas	26.0	1.0	27.0	51.4
Kentucky	12.0	6.6	18.6	43.0
Louisiana	20.0		20.0	44.4
Maine	25.7	0.7	26.4	50.8
Maryland	24.3		24.3	48.7
Massachusetts	21.0	2.5	23.5	47.9
Michigan	15.0	8.5	23.5	47.9
Minnesota	20.0	2.0	22.0	46.4
Mississippi	18.0	0.8	18.8	43.2
Missouri	17.0		17.0	41.4
Montana	27.8	0.8	28.5	52.9
Nebraska	24.8	0.3	25.1	49.5
Nevada	27.0	0.8	27.8	52.2
New Hampshire	18.0	2.6	20.6	45.0
New Jersey	13.5	4.0	17.5	41.9
New Mexico	18.0	1.0	19.0	43.4
New York	8.0	22.4	30.4	54.8
North Carolina	24.3	0.3	24.6	49.0
North Dakota	21.0		21.0	45.4
Ohio	26.0	3.0	29.0	53.4
Oklahoma	13.0	1.0	14.0	38.4
Oregon	24.0		24.0	48.4
Pennsylvania	12.0	20.3	32.3	56.7
Rhode Island	27.0	4.0	31.0	55.4
South Carolina	16.0	0.8	16.8	41.2
South Dakota	22.0	2.0	24.0	48.4
Tennessee	18.0	0.4	18.4	42.8
Texas	20.0		20.0	44.4
Utah	24.5		24.5	48.9
Vermont	25.0	1.0	26.0	50.4
Virginia	16.0	1.3	17.3	41.7
Washington	28.0		28.0	52.4
West Virginia	20.5	4.9	25.4	49.8
Wisconsin	28.5	3.0	31.5	55.9
Wyoming	13.0	3.0	14.0	38.4
U.S. Average^d	18.9	5.2	24.1	48.5

^a State excise taxes represent rates effective as of January 1, 2004.

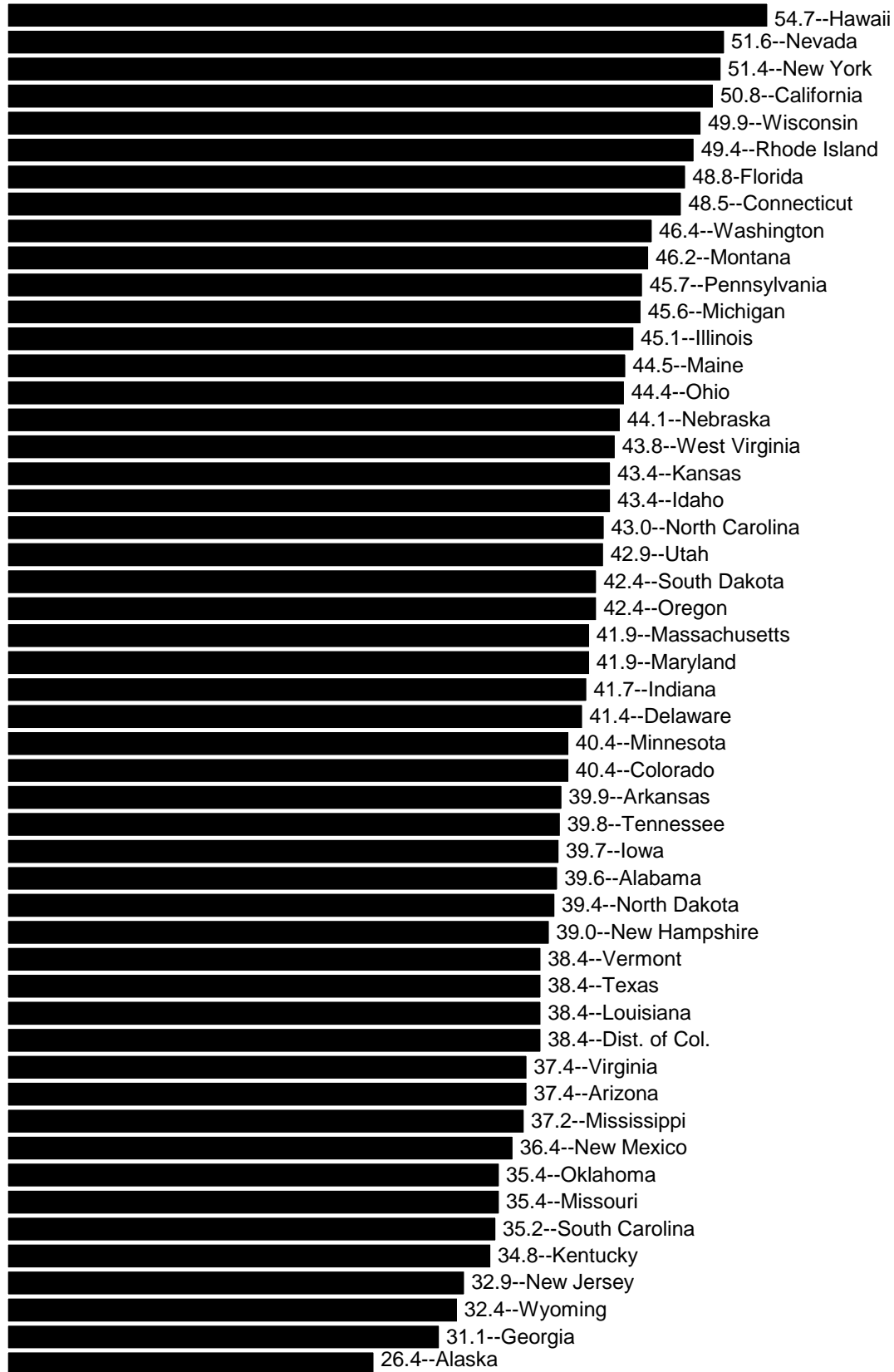
^b Includes some local county taxes in Alabama, California, Florida, Hawaii, Illinois, New York, and Virginia. Additional commercial motor fuel use fees in Arizona, Illinois, Indiana, Kentucky, and Ohio are also included. Includes state sales taxes, gross receipts taxes, and underground storage tank taxes. State sales taxes, expressed in cents per gallon, are based on regional self-serve on-highway diesel prices as of June 9, 2003. See notes to tax tables for individual states.

^c Includes 24.4 cents per gallon federal excise tax and volume-weighted average U.S. total state taxes.

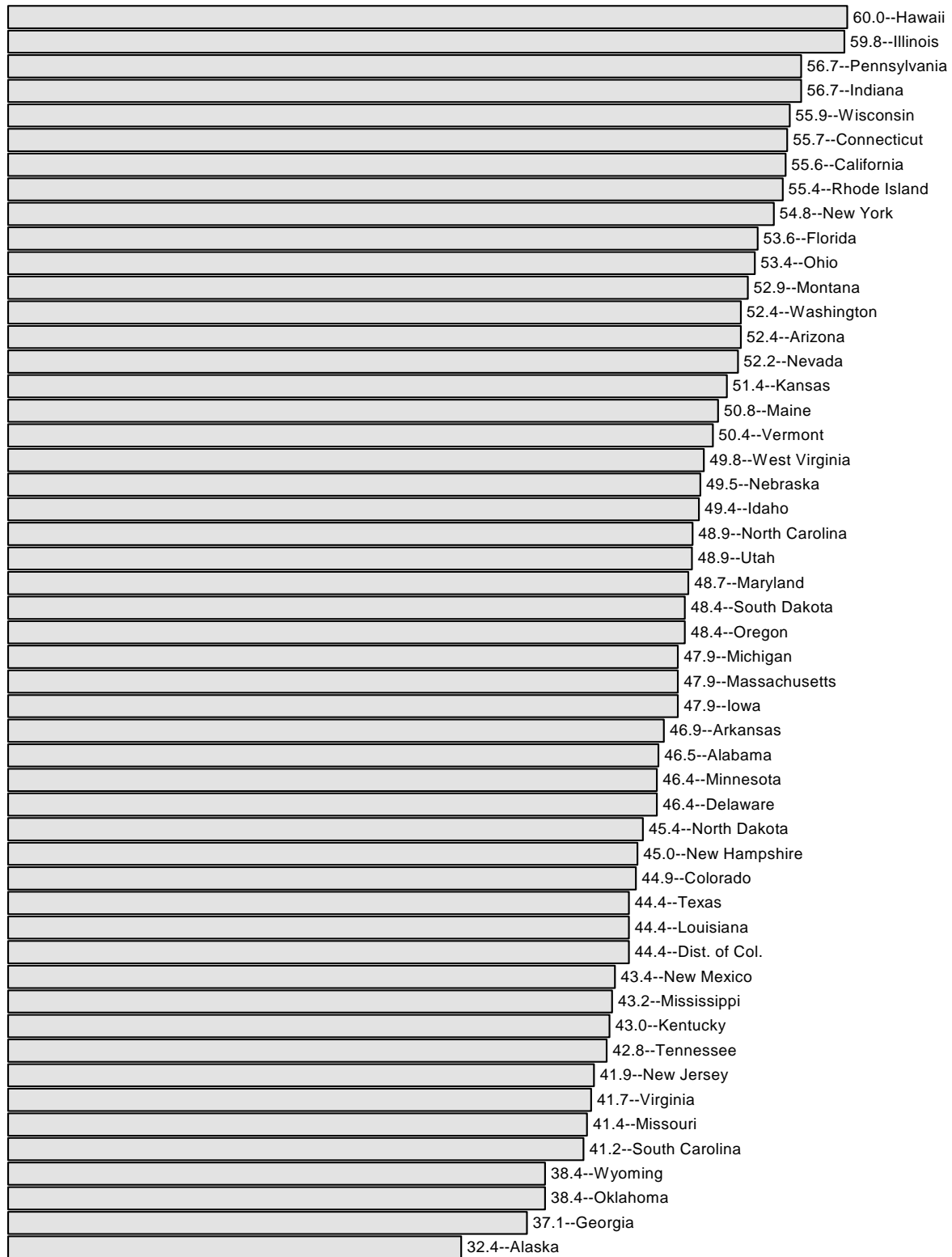
^d Represents the average of state tax rates multiplied by state diesel consumption records.

Sources: API State Government Relations, "State Motor Fuel Tax Rates, January 1, 2004" www.api.org; the Federal Highway Administration, "Monthly Motor Fuel Reported by States"; and the U.S. Energy Information Administration, "On-Highway Diesel Retail Prices."

Motor Gasoline Taxes as of January 2004
(cents per gallon)



Motor Diesel Taxes as of January 2004 (cents per gallon)



**Notes to State Gasoline and Diesel Excise Tax Tables
January 2004**

Alabama -	Other taxes include a 2 cents per gallon inspection fee. Counties can levy up to 5 cents per gallon with approval of the state legislature. Cities can levy additional tax with city council approval. Other taxes include .5 cents per gallon (approx.) UST/AST Trust Fund fee at the wholesale level.
Alaska -	There is a .06 per gallon tax credit for gasohol used during a mandated control period in a CO non-attainment area. The motor fuel tax rate for marine use is 5 cents per gallon; aviation gasoline is 4.7 cents per gallon; and jet fuel is 3.2 cents per gallon.
Arizona -	Other taxes include 1 cent per gallon UST tax. Use class vehicles pay an additional 9 cents per gallon on diesel (with an exemption for vehicles under 26,000 gw).
Arkansas -	Other taxes include 0.2 cents per gallon environmental assurance fee assessed at the wholesale level for underground storage tank fund.
California -	Other taxes include a 6% state sales tax and 1.25% county sales tax, plus additional local sales taxes and a 1.2 cents per gallon state UST fee.
Connecticut* -	Other taxes include 5% gross earnings tax collected at wholesale.
Florida* -	Other taxes include 2.2-cents per gallon tax/fee for environmental inspection purposes. (5 cents per barrel tax for the Water Quality Assurance Trust Fund, 80 cents per barrel for the Inland Protection Trust Fund, 2 cents per barrel for the Coastal Protection Trust Fund and 1/8 cents per gallon for weights and measures inspection fee.) Other taxes also include additional 1 to 17.7-cents per gallon local option tax portion. Tax, which changes annually based on the consumer price index, increased by 0.2 cents per gallon on 1/1/04 for gasoline and 0.3 cents per gallon for diesel. Statewide sales and excise tax is 14.3 cents per gallon for gasoline and 27.0 cents per gallon for diesel.
Georgia -	Other taxes include a 3% "second motor-fuel tax" and a 1% sales tax that apply to the sales price including the federal motor-fuel tax.
Hawaii -	Other taxes include 4% sales tax and additional county taxes and 0.12 cents per gallon environmental response tax.
Illinois -	Other taxes include 6.25% and 0.3 % tax for underground storage tank fund, and other local sales and gasoline taxes. Diesel fuel taxes are 27.5 cents per gallon for commercial highway users.
Indiana -	Other taxes include a 6% sales tax and a 0.008 cent per gallon inspection fee. For diesel, there is an 11cents per gallon surcharge paid on a quarterly self-reporting basis. Legislation passed in 2002 increased gasoline tax 3 cents per gallon effective 1/1/03.
Iowa -	Other taxes include 1 cent per gallon UST fee. The gasoline tax for ethanol-blended gasoline is 19 cents per gallon. Tax on gasoline increased 0.2 cents per gallon effective 7/1/03. The tax rate is based on the amount of ethanol sold in the state.
Kansas -	Other taxes include 1 cent per gallon environmental fee. Gasoline tax increased 1 cent per gallon 7/1/03.

Kentucky* -	Variable based on 9% of the average wholesale price of gasoline with minimum price of \$1.11 or 10 cents per gallon. In addition, there is a supplemental highway user tax of 5 cents per gallon for gasoline and 2 cents per gallon for special fuels, plus a 1.4 cents per gallon underground storage tank fee. Commercial carriers pay a surtax via a quarterly report of 2.2 cents per gallon on gasoline and 5.2 cents per gallon on special fuels.
Maine	Other taxes include for gasoline .07 cents per gallon for Coastal and Inland Water fund, 1.38 cents per gallon for Groundwater Fund and 40 cents per gallon/10,000 gallons for Petroleum Market Share Act. Other taxes on diesel include .07 cents per gallon for Coastal and Inland Water Fund and 0.6 cents per gallon for Groundwater Fund. Governor signed legislation in 2002 to index gasoline tax beginning in 2003. Prior rate was 22 cents per gallon for gasoline and 23 cents per gallon for diesel.
Massachusetts -	Other taxes include a 2.5 cents per gallon UST fund tax. UST tax increased from 0.5 cents per gallon on 4/1/03.
Michigan -	Other taxes include 6% sales tax and 0.875 cents per gallon environmental regulation fee for UST fund. Diesel purchasers with IFTA stickers receive 6 cents per gallon discount.
Minnesota -	Other taxes include a periodic 2 cents per gallon UST cleanup fee at the wholesale level, which fluctuates depending on the fund balance. The 2 cents per gallon UST fee reimposed 11/1/02 to 2/1/03.
Mississippi -	Other taxes include a 0.4 cent per gallon underground storage tank fee. In Hancock, Harrison and Jackson counties there is an additional 3 cents per gallon Seawall tax.
Missouri-	Governor signed legislation in 2002 that included removal of the 2008 expiration date of the 6-cents per gallon temporary gasoline tax increase adopted by voters in 1992.
Montana -	Other taxes include 0.75 cents per gallon fee assessed at the pump to go toward the state cleanup fund.
Nebraska* -	Variable—12.5 cents base plus 12.0 cents per gallon variable rate. Other taxes include 0.9 cents per gallon release prevention fee for gasoline and 0.3 cents per gallon release prevention fee for diesel and other fuels. Variable rate increased 0.2 cents per gallon for the period from 1/1/04 to 6/30/04.
Nevada -	Other taxes include up to 10-cents per gallon county tax on gasoline, 0.75 cents per gallon cleanup fee, and 0.055 cents per gallon inspection fee.
New Hampshire -	Other taxes include 0.1 cents per gallon for oil pollution control fund, 1.5 cents per gallon for UST cleanup fund, 1.0 cent per gallon for AST and aboveground bulk storage fund. Also 2 cents per gallon for fuel oil and bulk fuel oil storage.
New Jersey -	Includes 10.5 cents per gallon excise tax. Other taxes include 4 cents per gallon Petroleum Products Gross Receipts Tax.
New Mexico -	Other taxes include 1 cent per gallon loading fee.
New York -	Includes 8 cents per gallon excise tax, Petroleum Business Tax of 14.6 cents per gallon for gasoline and 12.85 cents per gallon for diesel (rate increased 0.6 cpg 1/1/04), statewide volume weighted average prepaid sales tax of 10 cents per gallon for gasoline and 9.2 cents per gallon for diesel. A spill tax of 0.3 cent per gallon is

	collected on gasoline and diesel and a petroleum testing fee of 0.05 cent per gallon also is levied on gasoline.
North Carolina* -	Other taxes include 0.25 cent per gallon inspection tax. The rate increased from 23.2 cents per gallon to 24.3 cents per gallon 1/1/04. It consists of a 17.5 cents per gallon flat rate plus a variable rate of 6.8 cents per gallon based on 7% average wholesale price component based on prices from 4/1/03 to 9/30/03 (the average price for that period was 97.01 cents per gallon.)
Ohio -	Per 2003 legislation, rate increases 6 cents per gallon in 2-year increments with the first increase effective 6/30/03. 1/7/04 rate increased another 2 cents per gallon. Surcharge of 3 cents per gallon for commercial vehicles.
Oklahoma -	Other taxes include a 1 cent per gallon UST fee.
Pennsylvania -	Other taxes include 1.1 cent per gallon fee on gasoline going into USTs, and 14.2 cents per gallon oil company franchise tax on liquid fuels (primarily gasoline) and 19.2 cents per gallon oil company franchise tax on fuels (primarily diesel) and a 12 cents per gallon liquid fuels tax rate. (Oil company franchise tax rate increased from 13.9 cents per gallon to 14.2 cents per gallon for gasoline and from 18.8 cents per gallon to 19.2 cents per gallon for diesel on 1/1/04.)
Rhode Island* -	Variable. Other taxes include 3-cents per gallon wholesale distributor tax and 1 cent per gallon environmental protection regulatory fee for UST program. Tax increased 2 cents per gallon on 7/1/02.
South Carolina -	Other taxes include a 0.25-cent per gallon inspection fee and a 0.50-cent per gallon environmental fee for UST cleanup assessed on all petroleum products at the wholesale level.
South Dakota -	Other taxes include a 2-cents per gallon throughput tax on distributors.
Tennessee -	Other taxes include 1-cent special petroleum tax for gasoline and 0.4 cents per gallon environmental assurance fee.
Vermont -	Other taxes include 1 cent per gallon license fee for UST fund.
Virginia -	Other taxes include 0.6 cents per gallon petroleum storage tank fee and 2% sales tax on motor fuels in localities that are part of the Northern Virginia Transportation District.
Washington	Per legislation passed in 2003, rate increased 5 cents per gallon effective 7/1/03.
West Virginia -	Other taxes include 5% variable wholesale tax, presently 4.85 cents per gallon, based on statewide average wholesale price of gasoline with a minimum price of \$0.97 per gallon.
Wisconsin* -	Variable—adjusted annually on 4/1. Rate calculated by multiplying the current rate by an inflation factor (annual change in the consumer price index). State also imposes 3 cents per gallon oil inspection fee on gasoline and diesel. Gasoline tax and diesel tax increased 0.4 cents per gallon on 4/1/03.
Wyoming -	Includes base rate of 13 cents per gallon, plus 1 cent per gallon to the environmental cleanup costs.

* = Variable tax

The federal gasoline excise tax is 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel.

API State Government Relations

Updated: February 2004

