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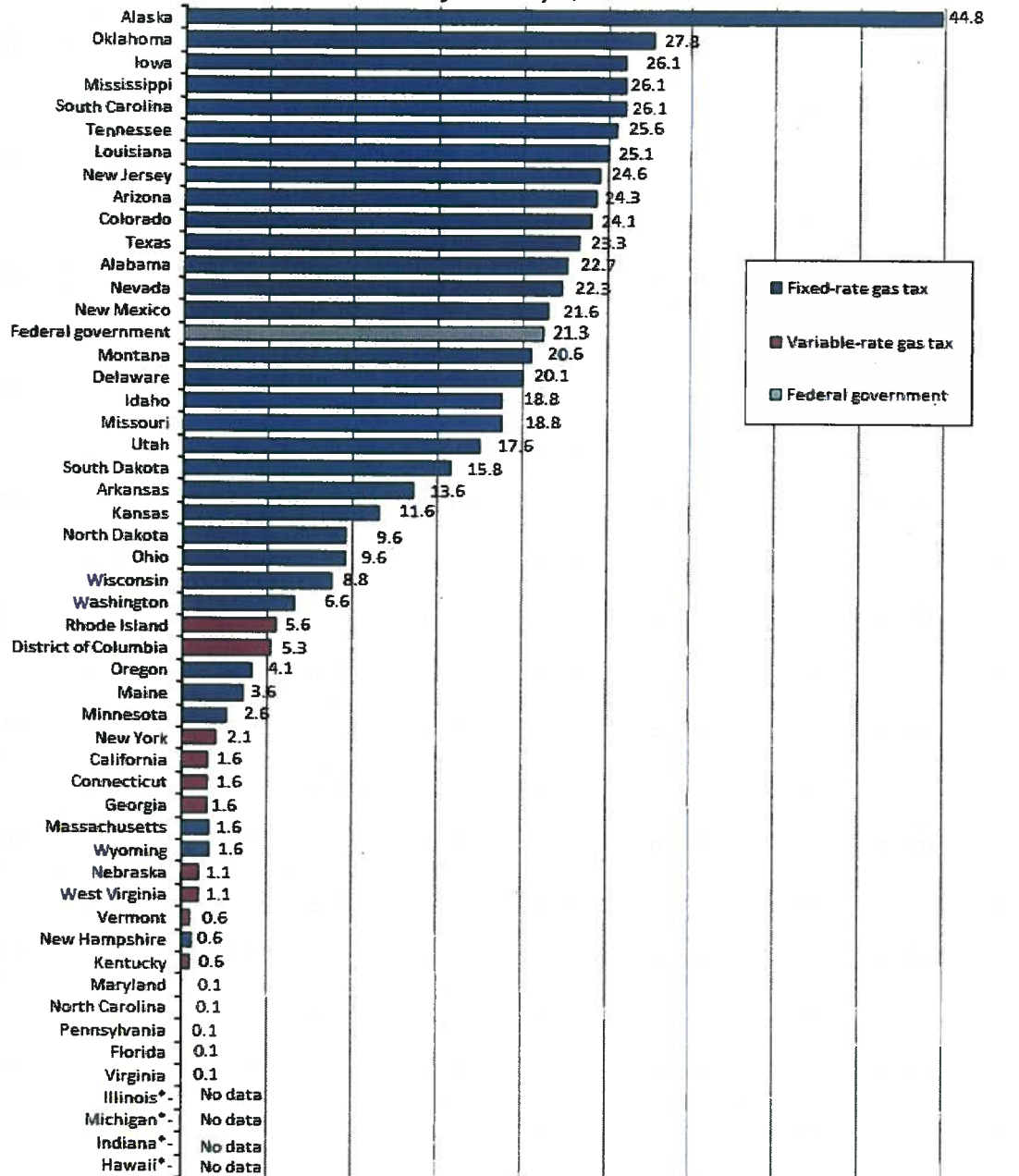
**Budget & Taxes, Transportation & Infrastructure**

## **Changes Coming to Unchanging State Gas Taxes**

By [Sam Schwarz](#), Feb. 11, 2015 – 4:54 p.m.

## Years Since Last Gasoline Tax Increase

As of February 1, 2015



\* These four states' gas tax rates change frequently because they apply their general sales tax to retail gas prices. Looking just at the gasoline excise tax, the number of years since the last gas tax increase took effect in these states is 25.1 in Illinois, 17.5 in Michigan, 12.1 in Indiana, and 7.6 in Hawaii.



In the map at the bottom of the post, mouse over states to see their current gas tax.

Gasoline prices may vary wildly, but most gas taxes hardly ever change.

According to a [report](#) released this month by the Institute on Taxation and Economic Policy, 22 states have not raised their gas tax in more than a decade and 16 have gone longer than two decades since their last increase. **Alaska's** 11.3-cent gas tax has been in place for almost 45 years. The federal gas tax hasn't changed since 1993, the year Bill Clinton began his presidency.

That's beginning to change. In **Iowa**, a state that hasn't raised its state gas tax in more than 26 years, legislation was introduced Tuesday to raise the tax by 10 cents in an attempt to make up for the state's \$215 million transportation funding shortfall. Additionally, governors from states that haven't raised the gas tax in more than 15 years have shown a willingness to entertain the idea. During his State of the State speech this year, **Missouri** Gov. Jay Nixon, a Democrat, said that a gas tax hike was "worth a very close look." **South Dakota** Gov. Dennis Daugaard, a Republican, proposed a tax increase of two cents per gallon each year — indefinitely.

The report claims that the increasing costs of asphalt, machinery, and a host of other construction materials have left states millions of dollars short in their attempts to repair compromised infrastructure and build new roads and bridges. At the same time, Americans are driving less and using more fuel efficient vehicles, lowering gas-tax revenue.

"The gas tax is running out of fuel," Carl Guardino, chairman of the California Transportation Commission and CEO of the Silicon Valley Leadership Group, told the [San Francisco Chronicle](#). "It's bringing in less than it used to, and it's going to bring in less and less."

That's led some states to consider alternatives to the gas tax. **Oregon** this summer will experiment with a "per-mile" tax and is seeking 5,000 motorists for the experiment, according to [Oregon Public Broadcasting](#).

Other states are trying something less radical: switching from "fixed-rate" gas taxes to a "variable-rate" gas-tax system, in which the tax adjusts in relation to inflation or gas prices.

Most of the states that have switched to the "variable-rate" system have seen some sort of tax hike within the last two years. Of states that have switched to this new system, **Rhode Island** has gone the longest without a gas tax hike at five and a half years. Conversely, among the 32 states that have stuck with the "fixed-rate" tax system, the average time since the previous gas hike is 17.2 years, according to the ITEP study.

The states' consideration of gas hikes and new models for the transportation funding has been largely driven by Congress' inability to agree on a long-term solution to fund the Highway Trust Fund, which is fueled by the federal gas tax and provides much of the funding for state road projects. Over the past 10 years, the fund has had issues with solvency as the U.S. gas tax, which hasn't kept pace with inflation let alone reduced driving and fuel-efficient automobiles, is generating less and less revenue. Had the tax kept pace with inflation since it was set at 18.4 cents a gallon more than 20 years ago, it would now be 30 cents a gallon.

As Congress remains steadfast in its opposition to raising the gas tax, the federal government has resorted to countless piecemeal funding bills. The most recent bill kept the fund from going bankrupt last August, and instead pushed the deadline for insolvency back to this upcoming May.

On January 28, the Congressional Budget Office released its projections for the rest of the 2015 Fiscal Year, projecting a shortfall in funding for the Highway Trust Fund. With all surface transportation programs set to expire on May 31, 2015, Congress will have to decide whether to pass a long-term solution or to kick the can down the road a little bit longer, a decision that will likely weigh heavily on state gas taxes around the country.

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## **Gasoline Taxes, State-by-State**

Mouse over states to see their current gas taxes.

# INTERACTIVE MAP



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