



**K-1
Distracted Driving:
State Laws**

**K-2
Kansas Turnpike: The
Relationship between
KTA and KDOT**

**K-3
Seat Belt Requirements
and Fines**

**K-4
State Highway Fund
Receipts and Transfers**

**K-5
State Motor Fuels Taxes
and Fuel Use**

**K-6
Toll or Tax?**

Jill Shelley
Principal Research Analyst
785-296-3181
Jill.Shelley@klrd.ks.gov

Transportation

K-5 State Motor Fuels Taxes and Fuel Use

For many years, the state sources that provide the most funding for transportation programs have been motor fuels taxes, sales tax, and registration fees. This article provides information regarding Kansas motor fuels taxes and fuel use.

Per gallon amounts of motor fuels taxes. Kansas' motor fuels taxes are 24¢ per gallon on gasoline and 26¢ per gallon on diesel fuel, unchanged since 2003. The table below lists the effective dates of tax increases for motor fuels. The increases in 1989 through 1992 were part of the Comprehensive Highway Plan as it was enacted in 1989, and those in 1999 and 2001 were part of the original ten-year Comprehensive Transportation Program enacted in 1999. No increases in fuels taxes are associated with the Transportation Works for Kansas (T-Works) bill enacted in 2010.

Motor Fuels Tax Rates Changes 1925-2017		
Effective Date	Gasoline	Diesel
1925	2¢	--
1929	3¢	--
1941	--	3¢
1945	4¢	4¢
1949	5¢	5¢
1956	--	7¢
1969	7¢	8¢
1976	8¢	10¢
1983	10¢	12¢
1984	11¢	13¢
1989	15¢	17¢
1990	16¢	18¢
1991	17¢	19¢
1992	18¢	20¢
1999	20¢	22¢
2001	21¢	23¢
2002	23¢	25¢
2003	24¢	26¢

A tax of 17¢ per gallon was imposed on E-85 gasohol beginning in 2006. Certain fuel purchases, including aviation fuel and fuel used for non-highway purposes, are exempt from taxation.

A federal fuels tax of 18.4¢ per gallon for gasoline, gasohol, and special fuels and 24.4¢ per gallon for diesel fuel also is included in fuel prices. The amount of federal tax per gallon has not increased since 1993, although increases have been proposed in Congress.

Combined state, local, and federal gasoline taxes across the country as of October 1, 2017, averaged 50.43¢ per gallon and ranged from a low of 30.61¢ per gallon in Alaska to 77.70¢ per gallon in New York and 67.80¢ per gallon in Washington state. The equivalent rate for Kansas was 42.43¢ per gallon; for Colorado, 40.40¢; for Missouri, 35.75¢; and for Oklahoma, 35.40¢.¹

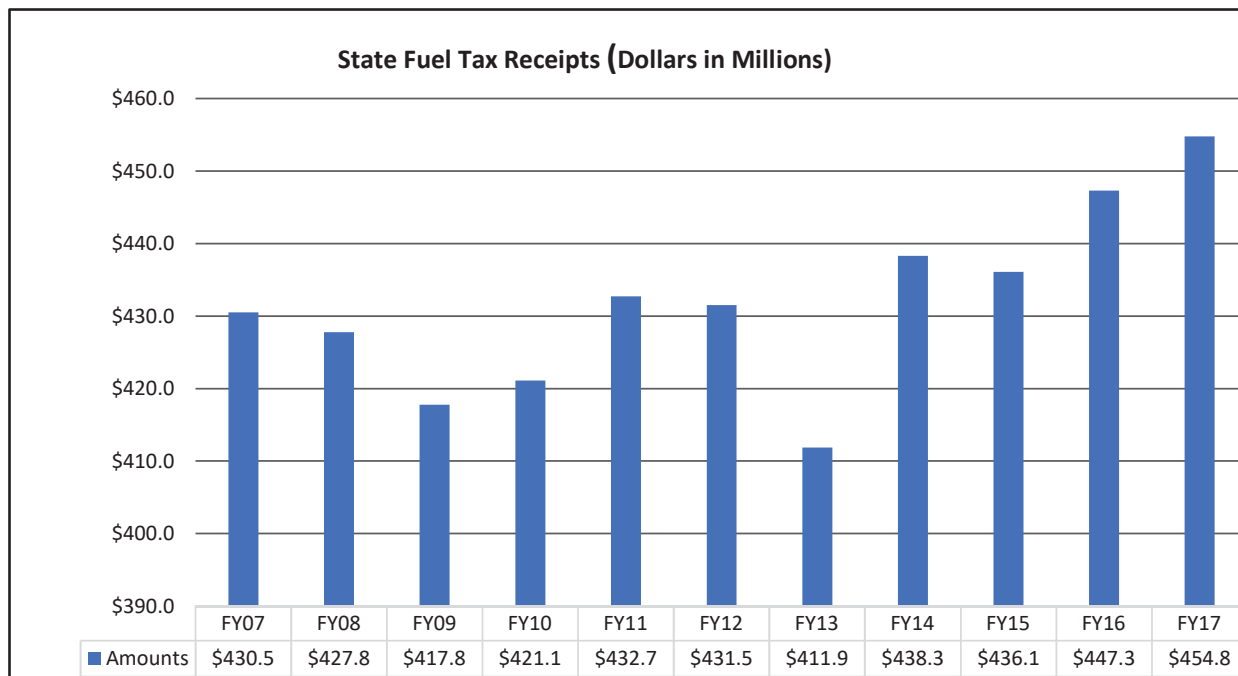
According to the National Conference of State Legislatures, California, Indiana, Montana, Oregon, South Carolina, Tennessee, and West Virginia increased gasoline taxes in 2017, and Utah accelerated indexing provisions enacted in 2015. In October 2016, New Jersey enacted a tax bill that, among other tax changes, increased the state’s fuel tax by 23¢ per gallon starting November 1, 2016, its first fuel tax increase since

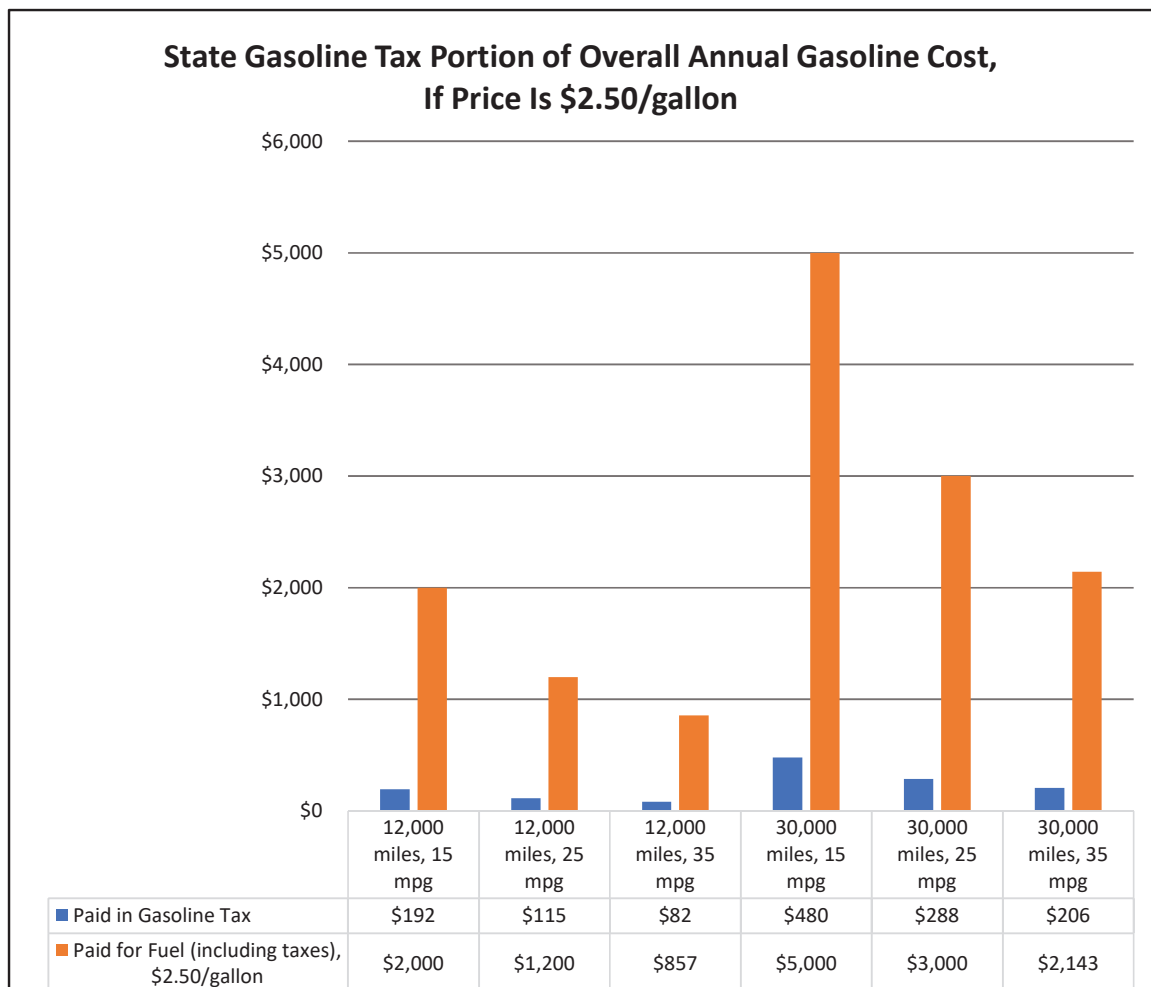
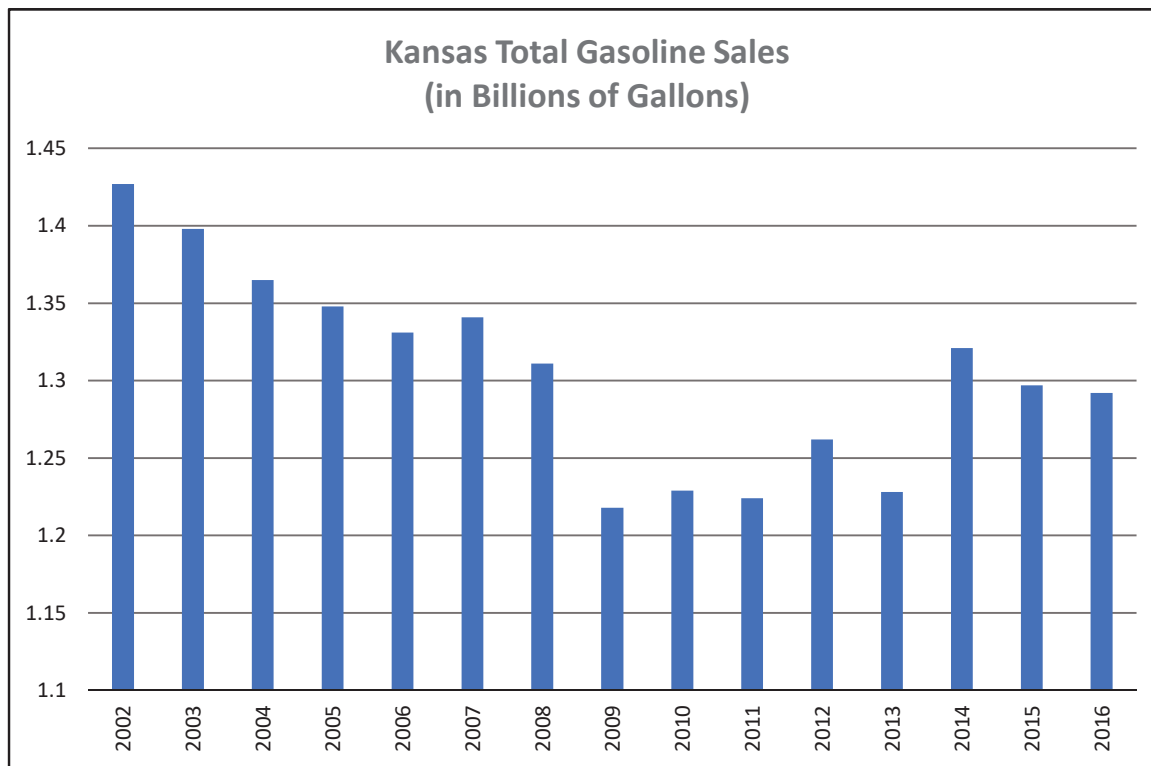
1988. In 2015, eight states passed legislation to increase fuel taxes. In 2013, six states and the District of Columbia enacted legislation to increase or allow an increase (generally, by indexing the rate) in gas taxes, followed by three more states in 2014.²

Revenue projections if tax increased. In 2017, three bills were introduced to increase motor fuel taxes in Kansas: SB 224 and HB 2412 proposed 5¢ increases, and HB 2382 proposed an 11¢ increase. The fiscal notes prepared by the Division of the Budget on those bills project revenue increases for FY 2019 of approximately \$92 million for a 5¢ increase and approximately \$203 million for an 11¢ increase.³

Fuels usage and tax revenues. Kansas fuel tax revenues and gasoline usage fluctuate, as illustrated in the graphics below.⁴

Amounts households spend. According to the Bureau of Labor Statistics in the U.S. Department of Labor, U.S. households spent an average of \$9,049 on transportation in 2016, an increase from \$8,293 in 2011. In 2016, \$1,909 (21.0 percent) of the transportation total was spent on gasoline.⁵ If fuel prices average \$2.50 per gallon, Kansas state fuel taxes account for 9.6 percent of the amount motorists spend on fuel.





- 1 American Petroleum Institute, "Combined Local, State and Federal (Cents per Gallon) Rates Effective 10/1/2017," <http://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes>, accessed October 11, 2017.
- 2 National Conference of State Legislatures, "Recent Legislative Actions Likely To Change Gas Taxes," July 19, 2017, <http://www.ncsl.org/research/transportation/2013-and-2014-legislative-actions-likely-to-change-gas-taxes.aspx#Map>, accessed September 18, 2017.
- 3 A very small percentage of the overall revenue increases projected would come from commercial vehicle fuel permit increases included in the bills.
- 4 Reports, Monthly Motor Fuel Reported by States, U.S. Department of Transportation, Federal Highway Administration, Office of Highway Policy Information, Motor Fuel, and the Highway Trust Fund. http://www.fhwa.dot.gov/policyinformation/motorfuelhwy_trustfund.cfm and reports for previous years, accessed October 11, 2017.
- 5 U.S. Department of Labor Bureau of Labor Statistics, news release dated August 29, 2017, "Consumer Expenditures – 2016," <https://www.bls.gov/news.release/cesan.nr0.htm> accessed September 18, 2017.

For more information, please contact:

Jill Shelley, Principal Research Analyst
Jill.Shelley@klrd.ks.gov

Chris Courtwright, Principal Economist
Chris.Courtwright@klrd.ks.gov

Aaron Klaassen, Principal Fiscal Analyst
Aaron.Klaassen@klrd.ks.gov

Kansas Legislative Research Department
300 SW 10th Ave., Room 68-West, Statehouse
Topeka, KS 66612
Phone: (785) 296-3181
Fax: (785) 296-3824