



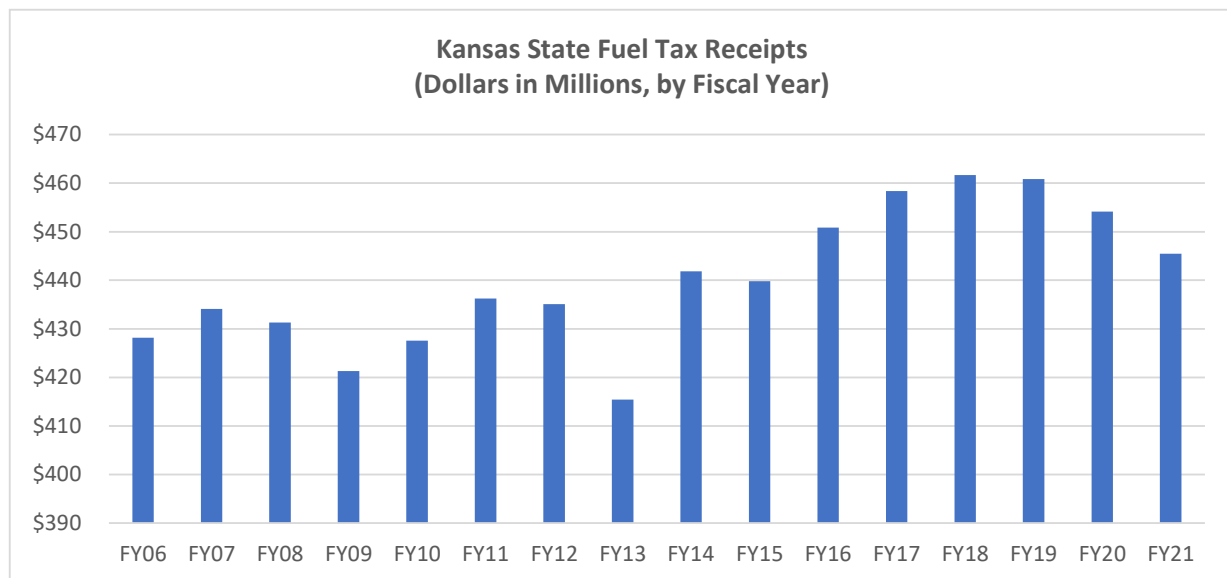
January 25, 2022

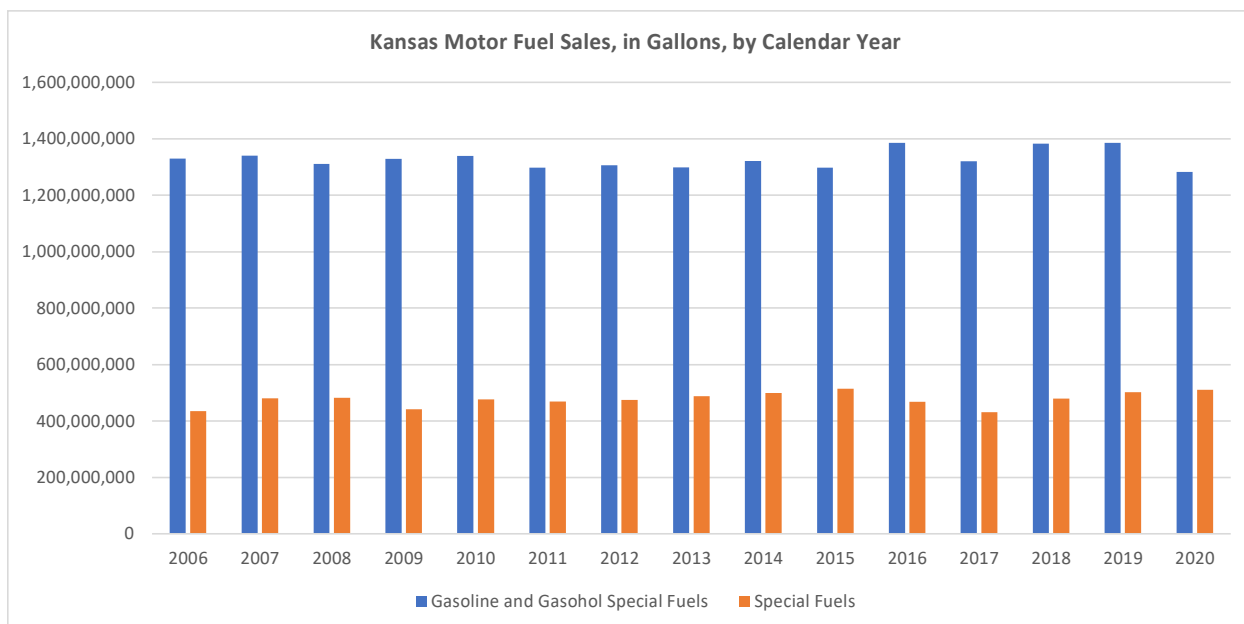
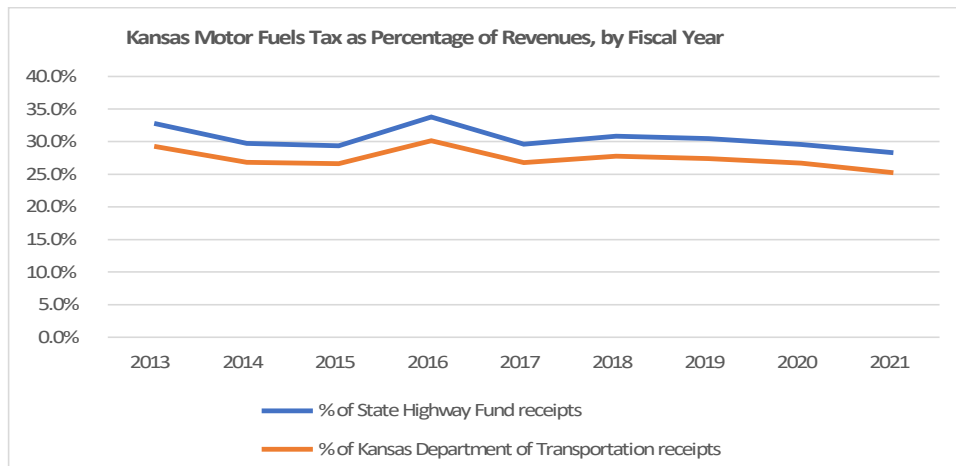
KANSAS MOTOR FUEL TAXES AND FUEL USE

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 memorandum provides information regarding Kansas motor fuels taxes and fuel use.

Fuels Usage and Tax Revenues

Kansas fuel tax revenues and gasoline usage fluctuate, as does the percentage of fuel tax dollars in the moneys available to the Kansas Department of Transportation, as illustrated.





Kansas Per Gallon Motor Fuel Taxes

Kansas’ motor fuel 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 Comprehensive Transportation Program enacted in 1999. No increases in fuel taxes are associated with the Transportation Works for Kansas (T-Works) program enacted in 2010 or the Eisenhower Legacy Transportation Program (also referred to as IKE) enacted in 2020.

Kansas Motor Fuels Tax Rates Changes—1925-2021

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 E85 fuels beginning in 2006. Certain fuel purchases, including purchases of aviation fuel and fuel used for non-highway purposes, are exempt from fuel tax.

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

Combined Federal, State, and Local Average Motor Fuel Taxes, as of January 1, 2022

	Gasoline, Tax per Gallon	Diesel, Tax per Gallon
U.S. Average	57.09¢	64.64¢
Highest	California, 86.55¢	California, 124.31¢
Lowest	Alaska, 33.53¢	Alaska, 39.38¢
Kansas	42.43¢	50.43¢
Colorado	40.40¢	44.90¢
Missouri	38.32¢	44.32¢
Nebraska	44.10¢	49.50¢
Oklahoma	38.40¢	44.40¢

Source: American Petroleum Institute¹

¹ American Petroleum Institute, "Motor Fuel Taxes," accessed January 23, 2022, <https://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes>.

Recent Fuel Tax Increases in Other States

The National Conference of State Legislatures (NCSL) reports 33 states and Washington, D.C., have increased their state gasoline taxes since 2013², and 22 of those states plus Washington, D.C., now index those taxes³. Among those are nearby states:

- Colorado added a “road usage fee” on gasoline and diesel fuel purchases in 2021 of 2¢ a gallon in 2022-2023, increasing to 8¢ through 2031-2032;
- Missouri increased its motor fuel tax, still among the lowest in the nation, in 2021 by 2.5¢ a gallon each year for 5 years, to reach 29.5¢ a gallon in July 2025;
- Nebraska increased excise taxes on motor fuels in 2015, in increments of 0.5¢ or 1¢ a gallon through 2019. In Nebraska, certain rates are set to meet transportation obligations;⁴ and
- Oklahoma added a tax of 3¢ a gallon on gasoline and 6¢ a gallon on diesel fuel in 2018. Proceeds are directed to the state’s Rebuilding Oklahoma Access and Driver Safety Fund after certain obligations to federally recognized Indian tribes within the state are met.

Recent Kansas Tax Increase Bills and Revenue Projections

In Kansas, during the 2019 Session, HB 2370 and SB 188 (identical as introduced) proposed phased increases of 3¢ a gallon for gasoline and 5¢ a gallon for diesel by fiscal year (FY) 2023.

The fiscal notes prepared by the Division of the Budget in 2019 projected total increased revenues by FY 2023 of \$40.0 million annually to the State Highway Fund (SHF) and \$20.2 million to the Special City and County Highway Fund (SCCHF). Also in 2019, HB 2381 proposed 6¢ a gallon increases for all motor fuels, changing the allocations between the SHF and the SCCHF, and reducing the percentage of sales and compensating use taxes statutorily directed to the SHF. In the fiscal note for HB 2381, the Division of the Budget stated the Department of Revenue estimated the changes would increase motor fuels tax revenues to the SHF by \$104.2 million but reduce sales and compensating use taxes directed to the SHF by the same amount. All three bills died in 2020, at the end of the biennium.

No bills to increase taxes on motor fuels were introduced in 2020 or 2021.

2 NCSL, “Recent Legislative Actions Likely to Change Gas Taxes,” dated August 10, 2021, accessed January 23, 2022, <https://www.ncsl.org/research/transportation/2013-and-2014-legislative-actions-likely-to-change-gas-taxes.aspx>.

3 NCSL, “Variable Rate Gas Taxes,” dated July 14, 2021, accessed January 23, 2022, <https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx>.

4 Nebraska Revised Statute [66-4,144](#).

Amounts Households Spend on Transportation and Motor Fuel Taxes

According to the Bureau of Labor Statistics in the U.S. Department of Labor⁵, U.S. households spent an average of \$9,826 on transportation in 2020, down from \$10,742 in 2019, due mostly to decreases in amounts spent for fuel and on public transportation. In 2020, \$1,568 (nearly 16 percent, down from 19.5 percent in 2019) of the transportation total was spent on motor fuels. If fuel prices average \$3.07 per gallon, Kansas state fuel taxes account for 7.8 percent of the amount motorists spend on motor fuel.

State Gasoline Taxes as Percentage of Overall Gasoline Costs

	Gallons used	U.S. Average		Kansas	
		Fuel cost average ⁶ , \$3.33 (includes taxes)	State tax average ⁷ , \$0.3869	Fuel cost average, \$3.07	Tax average, \$0.24
12,000 miles, 15 mpg	800	\$2,664	\$310	\$2,456	\$192
12,000 miles, 25 mpg	480	\$1,598	\$186	\$1,474	\$115
12,000 miles, 35 mpg	343	\$1,142	\$133	\$1,053	\$82
30,000 miles, 15 mpg	2,000	\$6,660	\$774	\$6,140	\$481
30,000 miles, 25 mpg	1,200	\$3,996	\$464	\$3,684	\$288
30,000 miles, 35 mpg	857	\$2,854	\$332	\$2,631	\$206
State gasoline tax as percent of overall fuel cost		11.60%		7.80%	

5 U.S. Department of Labor Bureau of Labor Statistics, news release dated September 9, 2021, "Consumer Expenditures–2020," <https://www.bls.gov/news.release/pdf/cesan.pdf>, accessed January 23, 2022.

6 Fuel costs from <https://gasprices.aaa.com/>, accessed January 23, 2022.

7 State tax costs from <https://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes>, as of January 2022, accessed January 23, 2022.