

How Long Has It Been Since Your State Raised Its Gas Tax?

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Many state governments are struggling to repair and expand their transportation infrastructure because they are attempting to cover the rising cost of asphalt, machinery, and other construction materials with fixed-rate gasoline taxes that are rarely increased.

The chart accompanying this brief shows (as of March 1, 2019) the number of years that have elapsed since each state last increased its gas tax.¹ Among the findings of this analysis:

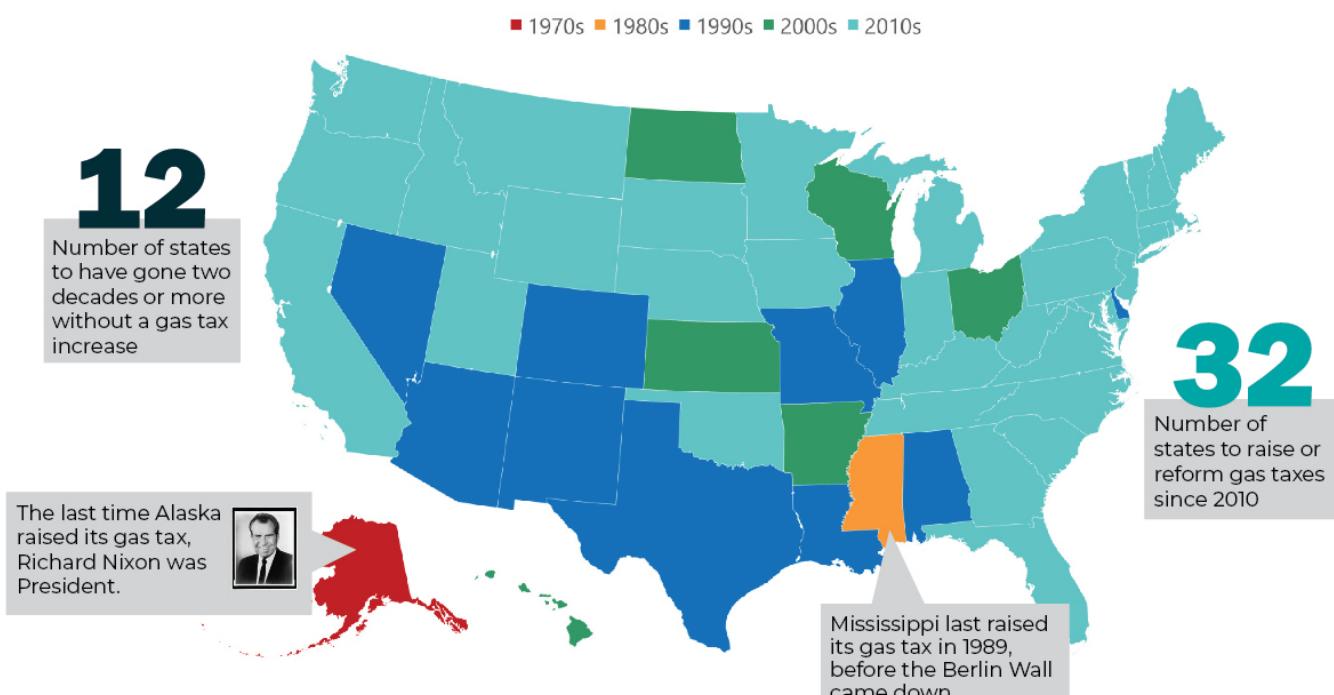
- Eighteen states have waited a decade or more since last increasing their gas tax rates.
- Twelve states have gone two decades or more without a gas tax increase.
- Two states have waited more than 30 years since last raising their gas tax rates. Alaska last boosted its gas tax in 1970 and Mississippi last did so in 1989.

Gas taxes cannot adequately fund infrastructure projects unless they are adjusted to keep pace with rising construction costs and structured to offset revenue losses from improvements in vehicle fuel-efficiency. State gas tax rates that have not been updated in many years, or even decades, have seen significant declines in their purchasing power. Those declines are negatively affecting funding of economically vital infrastructure projects.

Fortunately, many states recently have made significant progress in updating their gas tax rates. In total, 32 states have raised or reformed their gas taxes since 2010.² This includes states that had resisted doing so for decades such as Iowa, Maryland, Massachusetts, Montana, New Hampshire, New Jersey, Oklahoma, South Carolina, and Tennessee.

Figure 1

When Did Your State Last Raise Its Gas Tax Rate?



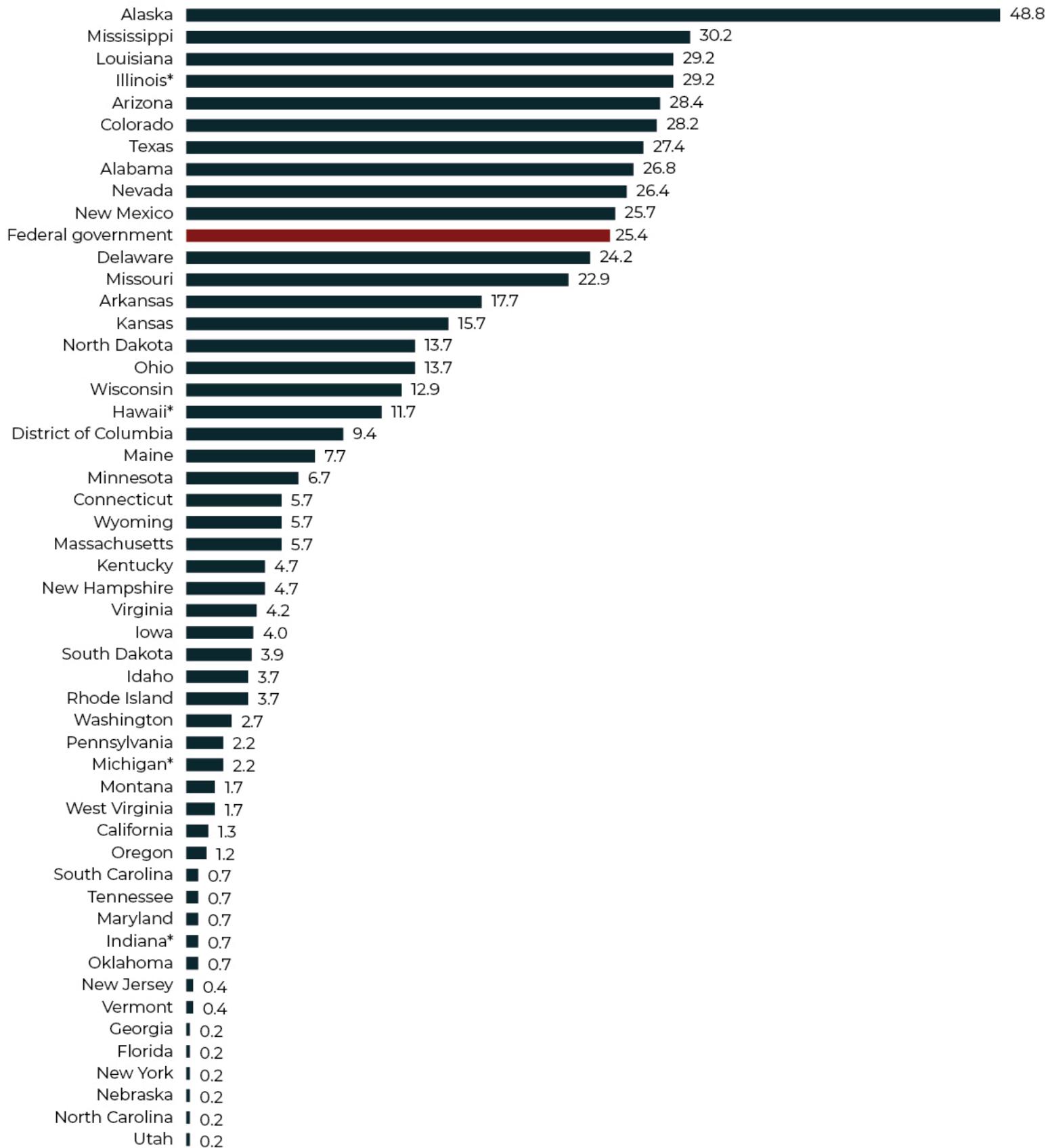
Hawaii, Illinois, Indiana, and Michigan apply their general sales taxes to gasoline and thus see ongoing changes in their overall gas tax rates based on changes in the price of gas. This chart excludes these price-based fluctuations in the sales tax and instead looks only at these states' excise taxes on gasoline.

Source: Institute on Taxation and Economic Policy

Figure 2

Years Since Last Gasoline Tax Increase

As of March 1, 2019



*Hawaii, Illinois, Indiana, and Michigan apply their general sales taxes to gasoline and thus see ongoing changes in their overall gas tax rates based on changes in the price of gas. This chart excludes these price-based fluctuations in the sales tax and instead looks only at these states' excise taxes on gasoline.

Source: Institute on Taxation and Economic Policy

ENDNOTES

1 These figures are based on the date that each gasoline tax increase took effect, rather than the date on which it was signed into law.

2 While a few of these increases occurred automatically because of inflation indexing, most were enacted via legislation. The 27 states that raised gas taxes via legislative action since 2013 are identified in: Davis, Carl. "Most States Have Raised Gas Taxes in Recent Years." Just Taxes Blog. May 21, 2018. <http://itep.org/most-states-have-raised-gas-taxes-in-recent-years>.