



Gas Tax Hits Rock Bottom in Ten States

In most states, the gasoline tax is set at a fixed number of cents per gallon of gas. South Carolina drivers, for example, have been paying 16 cents per gallon in state tax for more than a quarter century.¹ But while this type of fixed-rate gas tax may appear to be flat over time, its lack of change in the face of inflation means that its “real” value, or purchasing power, is steadily declining. In ten states, this decline has brought the state’s inflation-adjusted gas tax rate to its lowest level in the state’s history.

Table 1: Gasoline Tax Rates in States Where “Real” Gas Tax Rate is Currently at an All-Time Low
(cents per gallon, adjusted to 2014 levels)

	2014 (record low)	Historical Average	Difference
Alabama	16	45.8	-29.8
Alaska	8	25.4	-17.4
Delaware	23	40.3	-17.3
Idaho	25	47.4	-22.4
Iowa	19	37.9	-18.9
Nebraska	26.4	46.9	-20.5
New Jersey	14.5	31.8	-17.3
South Carolina	16	49.4	-33.4
Utah	24.5	41.5	-17.0
Virginia	11.1	46.1	-35.0

Source: Institute on Taxation and Economic Policy (ITEP) analysis of various sources. Historical average tax rates are adjusted to 2014 levels based on the Consumer Price Index. See Table 2 for more detail.

The ten states where gas tax rates are currently at an all-time low are Alabama, Alaska, Delaware, Idaho, Iowa, Nebraska, New Jersey, South Carolina, Utah, and Virginia.² Table 1 shows these states’ current gasoline tax rates and compares them to the average gas tax rate (adjusted for inflation) levied in each state since the tax was first created. This inflation adjustment is needed for a meaningful comparison of tax rates over time. For example, while the 2 cent gas tax that Delaware levied in 1924 may sound extremely low to today’s drivers, in the context of the 1924 economy it was actually higher than the tax rate Delaware levies today. As shown in Table 2, a 2 cent tax in 1924 was roughly equivalent to a 27.8 cent tax today.

Each of the states examined in Table 1 is levying its gas tax at a rate significantly lower than its historical average. Utah’s current gas tax rate is 17 cents below its historical average, while Virginia’s current rate is 35 cents below its average. The other eight states fall between these two extremes.

Perhaps unsurprisingly, lawmakers in many of these states have given serious consideration to gas tax increases or reforms in recent months. Delaware Governor Jack Markell has proposed increasing his state’s gas tax by 10 cents per gallon and linking it to inflation, while Iowa Governor Terry Branstad said that he thinks allowing the gas tax to gradually rise alongside gas prices is a good idea. Utah’s Senate passed gas tax reform in 2014, though it was not acted on by the House. And New Jersey’s Assembly speaker and the chair of South Carolina’s Senate Finance Committee support gas tax increases as well.

Raising the gas tax in these states could reverse the long-running decline in their value brought about by inflation. In many cases, however, the tax rate has been allowed to stagnate for so long that a significant increase is needed just to restore the tax to its previous value. Even if South Carolina tripled its 16 cent gas tax, for example, the tax rate would still fall below its 93-year average of 49.4 cents per gallon. Failing to raise the gas tax in these states guarantees that the unprecedented decline in the tax’s purchasing power will continue. Unless lawmakers act, this decline is likely to be a major barrier to adequately funding infrastructure in the years ahead. Table 2 analyzes the full history of all ten states’ gas tax rates, showing both the nominal rate paid by drivers in each year, as well as the “real” (inflation-adjusted) value of that tax rate in 2014. 📄

¹ Institute on Taxation and Economic Policy, “How Long Has it Been Since Your State Raised Its Gas Tax?” April 2014. Available at: http://itep.org/itep_reports/2014/04/most-americans-live-in-states-with-variable-rate-gas-taxes.php/.

² These ten states were identified after examining comprehensive historical gas tax data in thirty-four states and partial historical data in the remaining sixteen states. In those states lacking comprehensive data, the partial data available were sufficient to determine that the current gas tax rate is not the state’s all-time low.

Table 2 (continued on next page)

State Gasoline Tax Rates in States Where "Real" Gas Tax is at All-Time Low*
 (cents per gallon)

Year	Alabama		Alaska		Delaware		Idaho		Iowa**		Nebraska		New Jersey		South Carolina		Utah		Virginia	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1922	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2	28.3	--	--	--	--
1923	2	27.8	--	--	--	--	2	27.8	--	--	--	--	--	--	2	27.8	2.5	34.7	3	41.6
1924	2	27.8	--	--	2	27.8	2	27.8	--	--	--	--	--	--	3	41.6	2.5	34.7	3	41.6
1925	2	27.1	--	--	2	27.1	3	40.7	2	27.1	2	27.1	--	--	5	67.8	3.5	47.5	3	40.7
1926	2	26.8	--	--	2	26.8	3	40.2	2	26.8	2	26.8	--	--	5	67.1	3.5	46.9	4.5	60.4
1927	4	54.6	--	--	3	40.9	4	54.6	3	40.9	2	27.3	2	27.3	5	68.2	3.5	47.7	4.5	61.4
1928	4	55.5	--	--	3	41.6	4	55.5	3	41.6	2	27.8	2	27.8	5	69.4	3.5	48.6	5	69.4
1929	4	55.5	--	--	3	41.6	5	69.4	3	41.6	4	55.5	2	27.8	5	69.4	3.5	48.6	5	69.4
1930	4	56.9	--	--	3	42.6	5	71.1	3	42.6	4	56.9	3	42.6	6	85.3	3.5	49.8	5	71.1
1931	5	78.1	--	--	3	46.9	5	78.1	3	46.9	4	62.5	3	46.9	6	93.7	4	62.5	5	78.1
1932	6	104.0	--	--	3	52.0	5	86.6	3	52.0	4	69.3	3	52.0	6	104.0	4	69.3	5	86.6
1933	6	109.6	--	--	3	54.8	5	91.3	3	54.8	4	73.0	3	54.8	6	109.6	4	73.0	5	91.3
1934	6	106.3	--	--	3	53.1	5	88.6	3	53.1	4	70.9	3	53.1	6	106.3	4	70.9	5	88.6
1935	6	104.0	--	--	4	69.3	5	86.6	3	52.0	4	69.3	3	52.0	6	104.0	4	69.3	5	86.6
1936	6	102.5	--	--	4	68.3	5	85.4	3	51.2	4	68.3	3	51.2	6	102.5	4	68.3	5	85.4
1937	6	98.9	--	--	4	65.9	5	82.4	3	49.5	5	82.4	3	49.5	6	98.9	4	65.9	5	82.4
1938	6	101.0	--	--	4	67.3	5	84.2	3	50.5	5	84.2	3	50.5	6	101.0	4	67.3	5	84.2
1939	6	102.5	--	--	4	68.3	5	85.4	3	51.2	5	85.4	3	51.2	6	102.5	4	68.3	5	85.4
1940	6	101.7	--	--	4	67.8	5	84.8	3	50.9	5	84.8	3	50.9	6	101.7	4	67.8	5	84.8
1941	6	96.9	--	--	4	64.6	5	80.7	3	48.4	5	80.7	3	48.4	6	96.9	4	64.6	5	80.7
1942	6	87.4	--	--	4	58.3	5	72.8	3	43.7	5	72.8	3	43.7	6	87.4	4	58.3	5	72.8
1943	6	82.3	--	--	4	54.9	5	68.6	3	41.2	5	68.6	3	41.2	6	82.3	4	54.9	5	68.6
1944	6	80.9	--	--	4	54.0	5	67.4	3	40.5	5	67.4	3	40.5	6	80.9	4	54.0	5	67.4
1945	6	79.1	1	13.2	4	52.8	6	79.1	4	52.8	5	65.9	3	39.6	6	79.1	4	52.8	5	65.9
1946	6	73.0	1	12.2	4	48.7	6	73.0	4	48.7	5	60.9	3	36.5	6	73.0	4	48.7	6	73.0
1947	6	63.9	2	21.3	4	42.6	6	63.9	4	42.6	5	53.2	3	31.9	6	63.9	4	42.6	6	63.9
1948	6	59.1	2	19.7	4	39.4	6	59.1	4	39.4	5	49.2	3	29.5	6	59.1	4	39.4	6	59.1
1949	6	59.8	2	19.9	5	49.9	6	59.8	4	39.9	5	49.9	3	29.9	6	59.8	4	39.9	6	59.8
1950	6	59.1	2	19.7	5	49.2	6	59.1	4	39.4	5	49.2	3	29.5	7	68.9	4	39.4	6	59.1
1951	6	54.8	2	18.3	5	45.7	6	54.8	4	36.5	5	45.7	3	27.4	7	63.9	5	45.7	6	54.8
1952	6	53.7	2	17.9	5	44.8	6	53.7	4	35.8	5	44.8	3	26.9	7	62.7	5	44.8	6	53.7
1953	6	53.3	2	17.8	5	44.5	6	53.3	5	44.5	6	53.3	3	26.7	7	62.2	5	44.5	6	53.3
1954	6	52.9	2	17.6	5	44.1	6	52.9	5	44.1	6	52.9	4	35.3	7	61.8	5	44.1	6	52.9
1955	7	62.0	5	44.3	5	44.3	6	53.1	5	44.3	6	53.1	4	35.4	7	62.0	5	44.3	6	53.1
1956	7	61.1	5	43.6	5	43.6	6	52.4	5	43.6	6	52.4	4	34.9	7	61.1	5	43.6	6	52.4
1957	7	59.1	5	42.2	5	42.2	6	50.7	7	59.1	7	59.1	4	33.8	7	59.1	6	50.7	6	50.7
1958	7	57.5	5	41.1	5	41.1	6	49.3	7	57.5	7	57.5	5	41.1	7	57.5	6	49.3	6	49.3
1959	7	57.1	5	40.8	5	40.8	6	48.9	7	57.1	7	57.1	5	40.8	7	57.1	6	48.9	6	48.9
1960	7	56.1	7	56.1	5	40.1	6	48.1	7	56.1	7	56.1	5	40.1	7	56.1	6	48.1	7	56.1
1961	7	55.6	8	63.5	6	47.6	6	47.6	7	55.6	7	55.6	6	47.6	7	55.6	6	47.6	7	55.6
1962	7	55.0	8	62.9	6	47.2	6	47.2	7	55.0	7	55.0	6	47.2	7	55.0	6	47.2	7	55.0
1963	7	54.3	8	62.1	6	46.5	6	46.5	7	54.3	7	54.3	6	46.5	7	54.3	6	46.5	7	54.3
1964	7	53.6	7	53.6	6	45.9	6	45.9	7	53.6	7	53.6	6	45.9	7	53.6	6	45.9	7	53.6
1965	7	52.8	7	52.8	7	52.8	6	45.2	7	52.8	7.5	56.5	6	45.2	7	52.8	6	45.2	7	52.8
1966	7	51.3	7	51.3	7	51.3	6	44.0	7	51.3	7.5	54.9	6	44.0	7	51.3	6	44.0	7	51.3
1967	7	49.8	7	49.8	7	49.8	6	42.6	7	49.8	7.5	53.3	6	42.6	7	49.8	6	42.6	7	49.8
1968	7	47.7	7	47.7	7	47.7	7	47.7	7	47.7	7.5	51.2	7	47.7	7	47.7	6	40.9	7	47.7
1969	7	45.3	7	45.3	7	45.3	7	45.3	7	45.3	7.5	48.5	7	45.3	7	45.3	7	45.3	7	45.3
1970	7	42.8	8	48.9	7	42.8	7	42.8	7	42.8	8.5	52.0	7	42.8	7	42.8	7	42.8	7	42.8
1971	7	41.0	8	46.9	8	46.9	7	41.0	7	41.0	8.5	49.8	7	41.0	7	41.0	7	41.0	7	41.0
1972	7	39.8	8	45.4	8	45.4	8.5	48.3	7	39.8	8.5	48.3	8	45.4	8	45.4	7	39.8	9	51.1
1973	7	37.4	8	42.8	9	48.1	8.5	45.4	7	37.4	8.5	45.4	8	42.8	8	42.8	7	37.4	9	48.1
1974	7	33.7	8	38.5	9	43.3	8.5	40.9	7	33.7	8.5	40.9	8	38.5	8	38.5	7	33.7	9	43.3
1975	7	30.9	8	35.3	9	39.7	8.5	37.5	7	30.9	8.5	37.5	8	35.3	8	35.3	7	30.9	9	39.7
1976	7	29.2	8	33.4	9	37.5	9.5	39.6	7	29.2	8.5	35.5	8	33.4	8	33.4	7	29.2	9	37.5

Table 2 (continued)**State Gasoline Tax Rates in States Where "Real" Gas Tax is at All-Time Low***

(cents per gallon)

Year	Alabama		Alaska		Delaware		Idaho		Iowa**		Nebraska		New Jersey		South Carolina		Utah		Virginia	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1977	7	27.4	8	31.3	11	43.1	9.5	37.2	7	27.4	9.5	37.2	8	31.3	9	35.3	7	27.4	9	35.3
1978	7	25.5	8	29.1	9	32.8	9.5	34.6	8.5	30.9	9.5	34.6	8	29.1	9	32.8	9	32.8	9	32.8
1979	7	22.9	8	26.2	9	29.4	9.5	31.1	8.5	27.8	10.5	34.3	8	26.2	10	32.7	9	29.4	9	29.4
1980	11	31.7	8	23.0	9	25.9	9.5	27.4	8.5	24.5	13.6	39.2	8	23.0	11	31.7	9	25.9	11	31.7
1981	11	28.7	8	20.9	11	28.7	11.5	30.0	13	33.9	13.9	36.3	8	20.9	13	33.9	11	28.7	11	28.7
1982	11	27.1	8	19.7	11	27.1	12.5	30.7	13	32.0	14	34.4	8	19.7	13	32.0	11	27.1	11	27.1
1983	11	26.2	8	19.1	11	26.2	14.5	34.6	13	31.0	15.5	36.9	8	19.1	13	31.0	11	26.2	11	26.2
1984	11	25.1	8	18.3	11	25.1	14.5	33.1	13	29.7	14.7	33.6	8	18.3	13	29.7	14	32.0	11	25.1
1985	11	24.3	8	17.6	11	24.3	14.5	32.0	15	33.1	17.4	38.4	8	17.6	13	28.7	14	30.9	11	24.3
1986	11	23.8	8	17.3	11	23.8	14.5	31.4	16	34.7	17.1	37.0	8	17.3	13	28.2	14	30.3	15	32.5
1987	11	23.0	8	16.7	16	33.4	14.5	30.3	16	33.4	17.9	37.4	8	16.7	15	31.3	19	39.7	17.5	36.6
1988	11	22.1	8	16.1	16	32.1	18	36.1	18	36.1	18.3	36.7	8	16.1	15	30.1	19	38.1	17.5	35.1
1989	11	21.1	8	15.3	16	30.6	18	34.5	19	36.4	22	42.1	10.5	20.1	16	30.6	19	36.4	17.5	33.5
1990	11	20.0	8	14.5	16	29.1	18	32.7	19	34.5	21.4	38.9	14.5	26.3	16	29.1	19	34.5	17.5	31.8
1991	11	19.2	8	13.9	19	33.1	21	36.6	19	33.1	23.4	40.8	14.5	25.3	16	27.9	19	33.1	17.5	30.5
1992	16	27.1	8	13.5	19	32.1	21	35.5	19	32.1	24	40.6	14.5	24.5	16	27.1	19	32.1	17.5	29.6
1993	16	26.3	8	13.1	22	36.1	21	34.5	19	31.2	23	37.8	14.5	23.8	16	26.3	19	31.2	17.5	28.7
1994	16	25.6	8	12.8	22	35.2	21	33.6	19	30.4	24	38.4	14.5	23.2	16	25.6	19	30.4	17.5	28.0
1995	16	24.9	8	12.5	23	35.8	21	32.7	19	29.6	23.8	37.1	14.5	22.6	16	24.9	19	29.6	17.5	27.3
1996	16	24.2	8	12.1	23	34.8	25	37.8	19	28.7	24.6	37.2	14.5	21.9	16	24.2	19	28.7	17.5	26.5
1997	16	23.7	8	11.8	23	34.0	25	37.0	19	28.1	24.5	35.6	14.5	21.4	16	23.7	24.5	36.2	17.5	25.9
1998	16	23.3	8	11.7	23	33.5	25	36.4	19	27.7	23.5	34.2	14.5	21.1	16	23.3	24.5	35.7	17.5	25.5
1999	16	22.8	8	11.4	23	32.8	25	35.6	19	27.1	24.1	34.3	14.5	20.7	16	22.8	24.5	34.9	17.5	24.9
2000	16	22.1	8	11.0	23	31.7	25	34.5	19	26.2	23.9	32.9	14.5	20.0	16	22.1	24.5	33.8	17.5	24.1
2001	16	21.4	8	10.7	23	30.8	25	33.5	19	25.5	24.5	32.8	14.5	19.4	16	21.4	24.5	32.8	17.5	23.5
2002	16	21.1	8	10.6	23	30.3	25	33.0	19	25.1	24.5	32.3	14.5	19.1	16	21.1	24.5	32.3	17.5	23.1
2003	16	20.6	8	10.3	23	29.7	25	32.3	19	24.5	24.6	31.7	14.5	18.7	16	20.6	24.5	31.6	17.5	22.6
2004	16	20.1	8	10.1	23	28.9	25	31.4	19	23.9	24.8	31.2	14.5	18.2	16	20.1	24.5	30.8	17.5	22.0
2005	16	19.4	8	9.7	23	28.0	25	30.4	19	23.1	25.3	30.8	14.5	17.6	16	19.4	24.5	29.8	17.5	21.3
2006	16	18.8	8	9.4	23	27.1	25	29.4	19	22.4	27.1	31.9	14.5	17.1	16	18.8	24.5	28.8	17.5	20.6
2007	16	18.3	8	9.2	23	26.3	25	28.6	19	21.8	27	30.9	14.5	16.6	16	18.3	24.5	28.0	17.5	20.0
2008	16	17.6	--***	--	23	25.4	25	27.6	19	20.9	26	28.7	14.5	16.0	16	17.6	24.5	27.0	17.5	19.3
2009	16	17.7	8	8.9	23	25.4	25	27.7	19	21.0	26.4	29.2	14.5	16.0	16	17.7	24.5	27.1	17.5	19.4
2010	16	17.4	8	8.7	23	25.0	25	27.2	19	20.7	27.1	29.5	14.5	15.8	16	17.4	24.5	26.7	17.5	19.1
2011	16	16.9	8	8.4	23	24.3	25	26.4	19	20.1	26.3	27.8	14.5	15.3	16	16.9	24.5	25.9	17.5	18.5
2012	16	16.5	8	8.3	23	23.8	25	25.8	19	19.6	26.2	27.1	14.5	15.0	16	16.5	24.5	25.3	17.5	18.1
2013	16	16.3	8	8.2	23	23.4	25	25.5	19	19.4	26.3	26.8	14.5	14.8	16	16.3	24.5	25.0	11.1	11.3
2014	16	16.0	8	8.0	23	23.0	25	25.0	19	19.0	26.4	26.4	14.5	14.5	16	16.0	24.5	24.5	11.1	11.1
AVERAGE	9.2	45.8	6.8	25.4	10.7	40.3	11.7	47.4	9.9	37.9	12.4	46.9	7.8	31.8	9.8	49.4	10.9	41.5	9.9	46.1
<i>2014 minus average</i>	+6.8	-29.8	+1.2	-17.4	+12.3	-17.3	+13.3	-22.4	+9.1	-18.9	+14.0	-20.5	+6.7	-17.3	+6.2	-33.4	+13.6	-17.0	+1.3	-35.0

* Historical gasoline tax rates were compiled based on data from the Federal Highway Administration (FHWA), the U.S. Census Bureau, the American Petroleum Institute (API), various state-specific sources, and various media outlets. All tax rates are as of December 31st of the relevant year, with the exception of 2014 tax rates which are current as of May 1, 2014. Nebraska and Virginia could see automatic gas tax rate changes before December 31, 2014 based on changes in the price of fuel. In the other eight states, legislation would be required to change the gas tax rate prior to December 31. All rates are for state-level gas taxes and exclude fees and local taxes. A dash (--) is used in years prior to the implementation of the gasoline tax in each state. "Real" gas tax rates are calculated in 2014 dollars using the Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U) and the Congressional Budget Office's assumption that the CPI-U will grow by 1.9 percent in 2014.

** Tax rates in Iowa are for ethanol, since this comprises the majority of fuel consumed by drivers in Iowa.

*** Alaska's gasoline tax was temporarily suspended from September 2008 through August 2009.