



# WHAT A 25-CENT FEDERAL GAS TAX INCREASE WOULD LOOK LIKE IN EACH STATE

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## INTRODUCTION

Recent proposals to increase federal fuel taxes by as much as 25 cents per gallon should raise alarms for every American. The burden of the gas tax is borne especially by those Americans who drive each day, but its impact is felt throughout the economy as it drives up the cost of transporting goods and services on our nation's roadways.

The modern gas tax was established in 1956 at a rate of 3 cents per gallon.<sup>1</sup> Those funds were deposited in the Highway Trust Fund, which was created to pay for the construction of the interstate highway system. Over time, lawmakers increased the gas tax to its current rate of 18.4 cents per gallon (the tax on diesel is 24.4 cents per gallon).<sup>2</sup> They also developed the bad habit of diverting highway funds to other, unrelated projects. In fact, over 28 percent of the HTF funds are used on projects unrelated to roads, such as ferry boats, bike and pedestrian trails, and beautification.<sup>3</sup> Diverting funds for such projects leaves fewer dollars for the actual repair and construction of our nation's roads and bridges and encourages lawmakers to continue calling for gas tax hikes in the name of "underfunded" highway projects.

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<sup>1</sup> Federal Highway Administration, "When did the Federal Government begin collecting the gas tax?" FHWA (June 27, 2017).

<sup>2</sup> Id.

<sup>3</sup> Freedom Partners and Americans for Prosperity, "A Smarter and More Efficient Way to Maintain and Modernize Infrastructure," Freedom Partners (February 2018).

Now, as lawmakers consider passing a large infrastructure package that would increase spending, many are calling for a significant increase in federal fuel taxes—more than doubling the current gas tax to whopping 43.4 cents per gallon. This reaction should not be entirely unexpected—for years we have witnessed lawmakers unwilling to make tough choices to prioritize spending and be honest about the rampant waste and woeful inefficiencies of our current highway funding system.

Rather than asking the American people to pay more to fill up their tank, buy everyday essentials, and put food on the table for their families, lawmakers in Washington must finally step up and focus on targeting transportation dollars toward critical road projects and reforming outdated and costly regulations.

Lawmakers must also understand the heavy burden that this proposed tax increase would put on Americans across the country. The information that follows seeks to illustrate what the impact of a 25-cent increase in the federal gas would look like on a state-by-state basis. The U.S. Chamber of Commerce estimates that this proposal would raise \$394 billion in new revenue over 10 years.<sup>4</sup> That impact would not be felt uniformly—every American stands to lose under this proposal, but some would be hit harder than others.

## A STATE-BY-STATE LOOK

Though the proposed increase in the federal gas tax would be applied evenly across the country, its impacts would be felt differently in each state based on consumption and existing state-level taxes on fuel. For a comprehensive look, Table 1 shows the total new tax burden for the states at large under the proposed tax hike, as well as the per household breakdown of the increase cost at the pump. These additional costs would be on an annual basis. More details on the household burden calculation is available in the appendix, Table 2A.

	2017 Motor Gasoline Consumption for Transportation (Gallons) <sup>5</sup>	Additional Burden of 25¢/Gallon Based on 2016 Consumption	New Tax Burden Per Household
Alabama	2,642,178,000	\$660,544,500	\$355.76
Alaska	276,150,000	\$69,037,500	\$273.38
Arizona	2,764,650,000	\$691,162,500	\$278.44
Arkansas	1,460,970,000	\$365,242,500	\$318.35
California	14,725,368,000	\$3,681,342,000	\$285.64

<sup>4</sup> Thomas Donohue, “America’s Infrastructure Summit: Time to Modernize” U.S. Chamber of Commerce (January 18, 2018).

<sup>5</sup> “Table F3: Motor Gasoline Consumption, Price, And Expenditure Estimates, 2017,” U.S. Energy Information Administration (February 1, 2019).

**TABLE 1: ADDITIONAL BURDEN OF 25¢ FEDERAL GAS TAX INCREASE BY STATE**

	2017 Motor Gasoline Consumption for Transportation (Gallons) <sup>5</sup>	Additional Burden of 25¢/Gallon Based on 2016 Consumption	New Tax Burden Per Household
Colorado	2,226,504,000	\$556,626,000	\$267.28
Connecticut	1,444,674,000	\$361,168,500	\$265.22
Delaware	483,336,000	\$120,834,000	\$342.93
District of Columbia	99,204,000	\$24,801,000	\$89.22
Florida	8,682,072,000	\$2,170,518,000	\$288.98
Georgia	4,865,070,000	\$1,216,267,500	\$332.03
Hawaii	443,520,000	\$110,880,000	\$243.42
Idaho	767,298,000	\$191,824,500	\$314.92
Illinois	4,631,592,000	\$1,157,898,000	\$240.30
Indiana	3,062,346,000	\$765,586,500	\$301.75
Iowa	1,519,476,000	\$379,869,000	\$303.51
Kansas	1,241,478,000	\$310,369,500	\$276.64
Kentucky	2,165,310,000	\$541,327,500	\$313.90
Louisiana	2,129,022,000	\$532,255,500	\$306.31
Maine	633,192,000	\$158,298,000	\$285.71
Maryland	2,612,988,000	\$653,247,000	\$299.50
Massachusetts	2,677,794,000	\$669,448,500	\$258.90
Michigan	4,562,460,000	\$1,140,615,000	\$293.32
Minnesota	2,570,274,000	\$642,568,500	\$298.42
Mississippi	1,677,900,000	\$419,475,000	\$380.13
Missouri	3,099,936,000	\$774,984,000	\$324.78
Montana	523,572,000	\$130,893,000	\$311.67
Nebraska	861,672,000	\$215,418,000	\$287.84
Nevada	1,152,984,000	\$288,246,000	\$273.93
New Hampshire	698,418,000	\$174,604,500	\$331.50
New Jersey	3,861,228,000	\$965,307,000	\$301.74
New Mexico	980,448,000	\$245,112,000	\$318.15
New York	5,483,982,000	\$1,370,995,500	\$187.74
North Carolina	4,554,606,000	\$1,138,651,500	\$293.90
North Dakota	418,068,000	\$104,517,000	\$335.50
Ohio	4,921,686,000	\$1,230,421,500	\$265.57
Oklahoma	1,846,740,000	\$461,685,000	\$314.29
Oregon	1,556,100,000	\$389,025,000	\$247.53
Pennsylvania	4,808,874,000	\$1,202,218,500	\$240.09

	<b>2016 Motor Gasoline Consumption for Transportation (Gallons)<sup>5</sup></b>	<b>Additional Burden of 25¢/Gallon Based on 2016 Consumption</b>	<b>New Tax Burden Per Household</b>
Rhode Island	359,058,000	\$89,764,500	\$217.86
South Carolina	2,796,948,000	\$699,237,000	\$373.66
South Dakota	462,924,000	\$115,731,000	\$340.93
Tennessee	3,339,168,000	\$834,792,000	\$327.73
Texas	13,922,664,000	\$3,480,666,000	\$369.09
Utah	1,172,724,000	\$293,181,000	\$312.44
Vermont	301,014,000	\$75,253,500	\$291.08
Virginia	3,963,078,000	\$990,769,500	\$319.02
Washington	2,703,498,000	\$675,874,500	\$245.26
West Virginia	775,026,000	\$193,756,500	\$262.66
Wisconsin	2,511,558,000	\$627,889,500	\$269.62
Wyoming	339,276,000	\$84,819,000	\$368.40

Table 2 shows the top ten states with the highest percentage (%) increase in total gas tax liability under the 25 cent increase per gallon proposal. These ranking were calculated based on the total gas tax under current law, including state and federal taxes, with the total of what those taxes would be under the proposed hike. More details on these findings are available in the appendix, Table 1A.

<b>Rank</b>	<b>State</b>	<b>Percentage Increase</b>
1	Alaska	76%
2	Missouri	70%
3	Mississippi	67%
4	New Mexico	67%
5	Arizona	67%
6	Texas	65%
7	Oklahoma	65%
8	Louisiana	65%
9	Virginia	64%
10	South Carolina	64%

States like Pennsylvania and California are well known for their already-high state gas taxes and adding another 25 cents per gallon would bring total taxes in those two states to around \$1.00 per gallon.

Table 3 highlights the top 10 states with the highest total tax burden per gallon under the proposed hike.

A full list of all states' tax burden per gallon under the proposed tax hike is available in the appendix, Table 3A.

Rank	State	Total State and Federal Taxes/Fees Per Gallon With Additional 25¢/Gallon Federal Tax
1	Pennsylvania	\$1.0210
2	California	\$0.9776
3	Washington	\$0.9280
4	Hawaii	\$0.8978
5	New York	\$0.8750
6	Indiana	\$0.8630
7	Florida	\$0.8539
8	New Jersey	\$0.8480
9	Michigan	\$0.8181
10	Connecticut	\$0.8025

On the whole, at the state level these tax increases would be massive. States with high consumption and high state gas taxes would be hardest hit. Table 4 shows the top ten states with the highest total gas tax burden statewide. The full list of all state's total tax burden is available in the appendix, Table 4A.

Rank	State	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption
1	California	\$14,395,519,757
2	Florida	\$7,413,621,281
3	Georgia	\$3,827,837,076
4	Illinois	\$3,491,294,050
5	Michigan	\$3,732,548,526
6	New York	\$4,798,484,250
7	North Carolina	\$3,636,852,891
8	Ohio	\$3,514,575,973
9	Pennsylvania	\$4,909,860,354
10	Texas	\$8,826,968,976

## CONCLUSION

Lawmakers have shown they are unwilling to protect the integrity of the Highway Trust Fund by stopping diversions that pay for unrelated projects. Neither are they willing reform outdated labor laws and other regulations that drive up the cost of infrastructure projects. Taxpayers have no reason to believe that these practices will stop with a higher gas tax—in fact, those behaviors may even accelerate with new revenue.

Less than two years ago, Congress provided long-awaited and much-needed relief to American taxpayers through a comprehensive overhaul of the federal tax code. A gas tax increase would claw back a large portion of that benefit. Essentially, Washington would be asking taxpayers to give back a share of their tax relief at the pump. That is absolutely the wrong approach and would betray the promises that were made to taxpayers throughout the tax reform debate. Instead of asking Americans to pay higher gas taxes, lawmakers should prioritize specific key reforms that will improve our nation’s infrastructure:

- Preserve federal infrastructure dollars for targeted construction projects of a national priority;
- Unleash private investment in infrastructure assets;
- Return power and responsibility to the states wherever possible;
- Overhaul the regulatory and permitting system to improve outcomes and efficiency; and
- Eliminate costly and unfair labor restrictions.

These commonsense infrastructure reforms will help our existing tax dollars go further to create and maintain a modern and innovative infrastructure system that is important for growing the economy and improving the lives of all Americans, without imposing additional costs at the pump.

## APPENDIX

	Total Current State and Federal Taxes/Fees Per Gallon (With 18.4¢/Gallon Federal Tax)	Total State and Federal Taxes/Fees Per Gallon With Additional 25¢/Gallon Federal Tax	Percentage Increase Over Current Burden
Alabama	\$0.3949	\$0.6449	63%
Alaska	\$0.3284	\$0.5784	76%
Arizona	\$0.3740	\$0.6240	67%
Arkansas	\$0.4020	\$0.6520	62%
California	\$0.7276	\$0.9776	34%
Colorado	\$0.4040	\$0.6540	62%
Connecticut	\$0.5525	\$0.8025	45%

**TABLE 1A: PERCENT (%) INCREASE OF TOTAL GAS TAX BURDEN UNDER PROPOSED TAX HIKE**

	Total Current State and Federal Taxes/Fees Per Gallon (With 18.4¢/Gallon Federal Tax)	Total State and Federal Taxes/Fees Per Gallon With Additional 25¢/Gallon Federal Tax	Percentage Increase Over Current Burden
Delaware	\$0.4140	\$0.6640	60%
District of Columbia	\$0.4190	\$0.6690	60%
Florida	\$0.6039	\$0.8539	41%
Georgia	\$0.5368	\$0.7868	47%
Hawaii	\$0.6478	\$0.8978	39%
Idaho	\$0.5140	\$0.7640	49%
Illinois	\$0.5038	\$0.7538	50%
Indiana	\$0.6130	\$0.8630	41%
Iowa	\$0.4910	\$0.7410	51%
Kansas	\$0.4243	\$0.6743	59%
Kentucky	\$0.4440	\$0.6940	56%
Louisiana	\$0.3841	\$0.6341	65%
Maine	\$0.4841	\$0.7341	52%
Maryland	\$0.5370	\$0.7870	47%
Massachusetts	\$0.4494	\$0.6994	56%
Michigan	\$0.5681	\$0.8181	44%
Minnesota	\$0.4700	\$0.7200	53%
Mississippi	\$0.3719	\$0.6219	67%
Missouri	\$0.3575	\$0.6075	70%
Montana	\$0.5065	\$0.7565	49%
Nebraska	\$0.4890	\$0.7390	51%
Nevada	\$0.5218	\$0.7718	48%
New Hampshire	\$0.4223	\$0.6723	59%
New Jersey	\$0.5980	\$0.8480	42%
New Mexico	\$0.3728	\$0.6228	67%
New York	\$0.6250	\$0.8750	40%
North Carolina	\$0.5485	\$0.7985	46%
North Dakota	\$0.4140	\$0.6640	60%
Ohio	\$0.4641	\$0.7141	54%
Oklahoma	\$0.3840	\$0.6340	65%
Oregon	\$0.5517	\$0.8017	45%
Pennsylvania	\$0.7710	\$1.0210	32%
Rhode Island	\$0.5240	\$0.7740	48%

TABLE 1A: PERCENT (%) INCREASE OF TOTAL GAS TAX BURDEN UNDER PROPOSED TAX HIKE			
	Total Current State and Federal Taxes/Fees Per Gallon (With 18.4¢/Gallon Federal Tax)	Total State and Federal Taxes/Fees Per Gallon With Additional 25¢/Gallon Federal Tax	Percentage Increase Over Current Burden
South Carolina	\$0.3915	\$0.6415	64%
South Dakota	\$0.4840	\$0.7340	52%
Tennessee	\$0.4480	\$0.6980	56%
Texas	\$0.3840	\$0.6340	65%
Utah	\$0.4841	\$0.7341	52%
Vermont	\$0.4959	\$0.7459	50%
Virginia	\$0.3906	\$0.6406	64%
Washington	\$0.6780	\$0.9280	37%
West Virginia	\$0.5410	\$0.7910	46%
Wisconsin	\$0.5130	\$0.7630	49%
Wyoming	\$0.4240	\$0.6740	59%

TABLE 2A: TOTAL GAS TAX BURDEN PER HOUSEHOLD UNDER PROPOSED TAX HIKE			
	Number of Households	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Per Household Based on 2016 Consumption
Alabama	1,856,695	\$1,703,940,592	\$917.73
Alaska	252,536	\$159,725,160	\$632.48
Arizona	2,482,311	\$1,725,141,600	\$694.97
Arkansas	1,147,291	\$952,552,440	\$830.26
California	12,888,128	\$14,395,519,757	\$1,116.96
Colorado	2,082,531	\$1,456,133,616	\$699.21
Connecticut	1,361,755	\$1,159,350,885	\$851.37
Delaware	352,357	\$320,935,104	\$910.82
District of Columbia	277,985	\$66,367,476	\$238.74
Florida	7,510,882	\$7,413,621,281	\$987.05
Georgia	3,663,104	\$3,827,837,076	\$1,044.97
Hawaii	455,502	\$398,192,256	\$874.18
Idaho	609,124	\$586,215,672	\$962.39
Illinois	4,818,452	\$3,491,294,050	\$724.57
Indiana	2,537,189	\$2,642,804,598	\$1,041.63



**TABLE 2A: TOTAL GAS TAX BURDEN PER HOUSEHOLD UNDER PROPOSED TAX HIKE**

	Number of Households	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Per Household Based on 2016 Consumption
Iowa	1,251,587	\$1,125,931,716	\$899.60
Kansas	1,121,943	\$837,128,615	\$746.14
Kentucky	1,724,514	\$1,502,725,140	\$871.39
Louisiana	1,737,645	\$1,350,012,850	\$776.92
Maine	554,061	\$464,826,247	\$838.94
Maryland	2,181,093	\$2,056,421,556	\$942.84
Massachusetts	2,585,715	\$1,872,849,124	\$724.31
Michigan	3,888,646	\$3,732,548,526	\$959.86
Minnesota	2,153,202	\$1,850,597,280	\$859.46
Mississippi	1,103,514	\$1,043,486,010	\$945.60
Missouri	2,386,203	\$1,883,211,120	\$789.21
Montana	419,975	\$396,082,218	\$943.11
Nebraska	748,405	\$636,775,608	\$850.84
Nevada	1,052,249	\$889,873,051	\$845.69
New Hampshire	526,710	\$469,546,421	\$891.47
New Jersey	3,199,111	\$3,274,321,344	\$1,023.51
New Mexico	770,435	\$610,623,014	\$792.57
New York	7,302,710	\$4,798,484,250	\$657.08
North Carolina	3,874,346	\$3,636,852,891	\$938.70
North Dakota	311,525	\$277,597,152	\$891.09
Ohio	4,633,145	\$3,514,575,973	\$758.57
Oklahoma	1,468,971	\$1,170,833,160	\$797.04
Oregon	1,571,631	\$1,247,525,370	\$793.78
Pennsylvania	5,007,442	\$4,909,860,354	\$980.51
Rhode Island	412,028	\$277,910,892	\$674.50
South Carolina	1,871,307	\$1,794,242,142	\$958.82
South Dakota	339,458	\$339,786,216	\$1,000.97
Tennessee	2,547,194	\$2,330,739,264	\$915.02
Texas	9,430,419	\$8,826,968,976	\$936.01
Utah	938,365	\$860,896,688	\$917.44
Vermont	258,535	\$224,526,343	\$868.46
Virginia	3,105,636	\$2,538,747,767	\$817.46
Washington	2,755,697	\$2,508,846,144	\$910.42

**TABLE 2A: TOTAL GAS TAX BURDEN PER HOUSEHOLD UNDER PROPOSED TAX HIKE**

	Number of Households	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Per Household Based on 2016 Consumption
West Virginia	737,671	\$613,045,566	\$831.06
Wisconsin	2,328,754	\$1,916,318,754	\$822.89
Wyoming	230,237	\$228,672,024	\$993.20

**TABLE 3A: TOTAL STATE AND FEDERAL GAS TAX PER GALLON UNDER PROPOSED TAX HIKE**

	Total State and Federal Taxes/Fees Per Gallon With Additional 25¢/Gallon Federal Tax
Alabama	\$0.6449
Alaska	\$0.5784
Arizona	\$0.6240
Arkansas	\$0.6520
California	\$0.9776
Colorado	\$0.6540
Connecticut	\$0.8025
Delaware	\$0.6640
District of Columbia	\$0.6690
Florida	\$0.8539
Georgia	\$0.7868
Hawaii	\$0.8978
Idaho	\$0.7640
Illinois	\$0.7538
Indiana	\$0.8630
Iowa	\$0.7410
Kansas	\$0.6743
Kentucky	\$0.6940
Louisiana	\$0.6341
Maine	\$0.7341
Maryland	\$0.7870
Massachusetts	\$0.6994
Michigan	\$0.8181
Minnesota	\$0.7200
Mississippi	\$0.6219
Missouri	\$0.6075

**TABLE 3A: TOTAL STATE AND FEDERAL GAS TAX PER GALLON UNDER PROPOSED TAX HIKE**

	Total State and Federal Taxes/Fees Per Gallon With Additional 25¢/Gallon Federal Tax
Montana	\$0.7565
Nebraska	\$0.7390
Nevada	\$0.7718
New Hampshire	\$0.6723
New Jersey	\$0.8480
New Mexico	\$0.6228
New York	\$0.8750
North Carolina	\$0.7985
North Dakota	\$0.6640
Ohio	\$0.7141
Oklahoma	\$0.6340
Oregon	\$0.8017
Pennsylvania	\$1.0210
Rhode Island	\$0.7740
South Carolina	\$0.6415
South Dakota	\$0.7340
Tennessee	\$0.6980
Texas	\$0.6340
Utah	\$0.7341
Vermont	\$0.7459
Virginia	\$0.6406
Washington	\$0.9280
West Virginia	\$0.7910
Wisconsin	\$0.7630
Wyoming	\$0.6740

**TABLE 4A: TOTAL STATEWIDE GAS TAX BURDEN (\$) INCLUDING STATE AND FEDERAL TAXES UNDER PROPOSED TAX HIKE**

	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption
Alabama	\$1,703,940,592
Alaska	\$159,725,160
Arizona	\$1,725,141,600
Arkansas	\$952,552,440

**TABLE 4A: TOTAL STATEWIDE GAS TAX BURDEN (\$) INCLUDING STATE AND FEDERAL TAXES UNDER PROPOSED TAX HIKE**

	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption
California	\$14,395,519,757
Colorado	\$1,456,133,616
Connecticut	\$1,159,350,885
Delaware	\$320,935,104
District of Columbia	\$66,367,476
Florida	\$7,413,621,281
Georgia	\$3,827,837,076
Hawaii	\$398,192,256
Idaho	\$586,215,672
Illinois	\$3,491,294,050
Indiana	\$2,642,804,598
Iowa	\$1,125,931,716
Kansas	\$837,128,615
Kentucky	\$1,502,725,140
Louisiana	\$1,350,012,850
Maine	\$464,826,247
Maryland	\$2,056,421,556
Massachusetts	\$1,872,849,124
Michigan	\$3,732,548,526
Minnesota	\$1,850,597,280
Mississippi	\$1,043,486,010
Missouri	\$1,883,211,120
Montana	\$396,082,218
Nebraska	\$636,775,608
Nevada	\$889,873,051
New Hampshire	\$469,546,421
New Jersey	\$3,274,321,344
New Mexico	\$610,623,014
New York	\$4,798,484,250
North Carolina	\$3,636,852,891
North Dakota	\$277,597,152
Ohio	\$3,514,575,973
Oklahoma	\$1,170,833,160
Oregon	\$1,247,525,370

**TABLE 4A: TOTAL STATEWIDE GAS TAX BURDEN (\$) INCLUDING STATE AND FEDERAL TAXES UNDER PROPOSED TAX HIKE**

	Total State and Federal Gas Tax Burden (Including 25¢/Gallon Federal Tax) Based on 2016 Consumption
Pennsylvania	\$4,909,860,354
Rhode Island	\$277,910,892
South Carolina	\$1,794,242,142
South Dakota	\$339,786,216
Tennessee	\$2,330,739,264
Texas	\$8,826,968,976
Utah	\$860,896,688
Vermont	\$224,526,343
Virginia	\$2,538,747,767
Washington	\$2,508,846,144
West Virginia	\$613,045,566
Wisconsin	\$1,916,318,754
Wyoming	\$228,672,024