Six states raised gas taxes during the first half of 2015.

- Iowa lawmakers passed and Gov. Terry Branstad signed a measure, SF 257, that increased fuel taxes by 10 cents per gallon and increased permit fees. Those actions are expected to raise $215 million annually for city, county and state roads.

- South Dakota legislators passed and Gov. Dennis Daugaard signed legislation, SB 1, that increased motor fuel taxes from 22 cents per gallon to 28 cents. They also increased the vehicle sales tax by one percent, expanded the authority of counties and townships to allow voters to consider local option property taxes for road and bridge repair and construction, and increased optional county vehicle registration fees.

- Utah’s gas tax will increase beginning Jan. 1, 2016, from 24.5 cents per gallon to a 12 percent assessed rate with a floor on the gas tax rate 5 cents per gallon higher than its current level and able to increase up to an assessed tax of 40 cents per gallon. The tax rate on diesel, natural gas and hydrogen will increase incrementally to 16.5 cents by July 1, 2018. The state’s gas tax legislation, HB 362, also empowers counties to increase a quarter-cent local sales tax to fund local roads, transit, bike or pedestrian infrastructure, or other transportation projects. State transportation revenues in Utah are expected to increase by $76 million by the 2017 fiscal year as a result of the legislation.

- Idaho lawmakers passed and Gov. Butch Otter signed legislation, HB 312, which raised the gas tax by 7 cents, increased annual registration fees and imposed fees for hybrids and electric cars. Some general fund dollars also are diverted to statewide roads projects in the legislation. The measure is expected to increase transportation revenues by $94 million annually.

- Georgia lawmakers passed and Gov. Nathan Deal signed a measure, HB 170, that increased fuel excise taxes by 6.7 cents per gallon to 26 cents per gallon for gasoline and 29 cents for diesel. The legislation indexed the tax rates to average vehicle fleet efficiency and the consumer price index. The measure also exempted fuel from the sales tax, except for 1 percent imposed by counties, and imposed new registration fees for electric vehicles, heavy vehicle registration fees and a $5 per night hotel-motel fee, the proceeds from which will go to transportation purposes. In addition, lawmakers gave counties and groups of counties the authority to have voters approve transportation purpose local option sales taxes up to 1 percent for a limited time. The package is expected to increase revenues by $870 million for the 2016 fiscal year and $1.2 billion by 2020, with a five-year average of $1.07 billion.

- Nebraska lawmakers overrode the veto of Gov. Pete Ricketts to approve legislation, Legislative Bill 610, that raised the per gallon gas tax by 6 cents over four years to a total of 31.6 cents per gallon. The phase-in will begin with a 1.5 cents per gallon increase Jan. 1, 2016. Once fully implemented, the increase is expected to generate $25 million more annually for the state and $51 million for cities and counties.
Several states changed their gas taxes to make them more sustainable or to maintain revenue levels.

- Kentucky’s General Assembly prevented a $292 million cut in transportation revenue by passing legislation, HB 299, to raise the floor on the assessed wholesale fuel price, setting the minimum tax to 24.6 cents per gallon. Due to falling gas prices, the 27.5 cents per gallon rate this spring had been expected to fall to 22 cents per gallon on April 1, when an automatic adjustment was scheduled to be made.\(^1\)

- North Carolina’s legislature passed a bill, SB 20, that reduced the gas tax from 37.5 cents to 34 cents per gallon by the end of 2016. However, due to a drop in fuel prices, it ultimately will amount to a higher tax than it otherwise would have thanks to changes in the way the tax rate is calculated. Starting in January 2017, the gas tax will be automatically adjusted based on two factors: population increases (75 percent) and changes in the Consumer Price Index (25 percent). The state will see a $13.5 million reduction in transportation revenues in the short term but eventually a $400 million revenue gain from the changes.\(^2\)

- Georgia’s legislation is notable for not only raising the gas tax but also providing for annual adjustments based on both inflation and fuel efficiency, which should help to make the tax more sustainable over time. The legislation also seeks to diversify the transportation revenue stream to some degree, with new registration fees and the hotel-motel fee.\(^3\)

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REFERENCES
## State Gas Tax Increases Approved Jan.-Jun. 2015

<table>
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<tr>
<th>State</th>
<th>Estimated Annual Transportation Revenue Shortfall</th>
<th>Date Enacted</th>
<th>Effective Date</th>
<th>Previous or Current Gas Tax Rate</th>
<th>Amount of Gas Tax Increase</th>
<th>Projected Revenue Increase</th>
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<tbody>
<tr>
<td>Georgia</td>
<td>$3 billion to $4 billion¹</td>
<td>5/4/15</td>
<td>7/1/15</td>
<td>19 cents per gallon</td>
<td>6.7 cents</td>
<td>$1.07 billion annually (five-year average)</td>
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<tr>
<td>Idaho</td>
<td>$262 million²</td>
<td>4/21/15</td>
<td>7/1/15</td>
<td>25 cents per gallon</td>
<td>7 cents</td>
<td>$94 million annually</td>
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<td>Iowa</td>
<td>$215 million¹</td>
<td>2/25/15</td>
<td>3/1/15</td>
<td>21 cents per gallon</td>
<td>10 cents</td>
<td>$215 million annually</td>
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<td>Nebraska</td>
<td>$53 million⁴</td>
<td>5/14/15</td>
<td>1/1/16 (first 1.5 cent increment)</td>
<td>25.6 cents per gallon</td>
<td>6 cents</td>
<td>$76.2 million annually (combined state &amp; city/county funding)</td>
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<td>South Dakota</td>
<td>$460 million¹</td>
<td>3/17/15</td>
<td>4/1/15</td>
<td>22 cents per gallon</td>
<td>6 cents</td>
<td>$80 million annually</td>
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<tr>
<td>Utah</td>
<td>$11.3 billion (over next 30 years)⁵</td>
<td>3/27/15</td>
<td>1/1/16</td>
<td>24.5 cents per gallon</td>
<td>5 cents</td>
<td>$76 million annually (by FY 2017)</td>
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</table>

### Sources