



About Gas Taxes

The price of gas and gas taxes are often in the news, especially when the price of gas sits around \$4 per gallon.

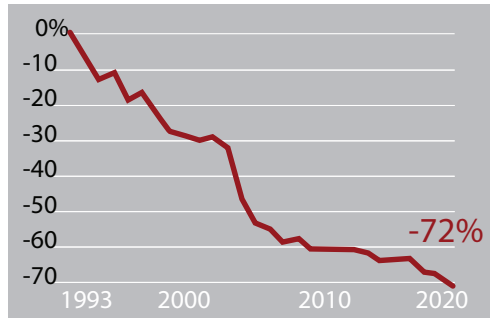
However, not many understand how gas taxes are collected or the impact of the gas tax at the pump.

Last month, a group of six U.S. Senate Democrats—four up for reelection—proposed a federal gas tax holiday through the end of 2022. At best, suspending the 18.4-cent-per-gallon federal gas tax would save the average motorist about \$2 a week.

Things to Know

- **The gas tax is the single largest federal and state source of funding** for roads, bridges, and public transportation.
- Unlike sales or income taxes, which are percentage based, **the federal and Wisconsin gas tax are flat per gallon fees.** This means motorists pay the same amount in gas taxes if the price of gas is \$2 or \$4.
- The federal gas tax was last increased in 1993, while **Wisconsin’s gas tax has been unchanged since 2006.**
- Both **gas taxes have lost significant purchasing power** and productivity over the years. For example, inflation and fuel efficiency have battered the purchasing power of the federal gas tax.
- In many cases, **motorists driving more recent models may be paying less in gas taxes** than they were a decade ago. And that is before taking into account inflation and what those dollars will buy today.
- The gas tax is just one of many factors influencing the retail price of gas, including the cost of crude oil. Since, unlike a sales tax, the gas tax is not collected at the pump, **there is no guarantee a gas tax holiday will benefit consumers with lower gas prices.**

Purchasing Power of Federal Gas Tax Rate
Cumulative Decline in Value of Federal Gas Tax



Source: Institute on Taxation and Economic Policy (ITEP) analysis

Many Motorists Pay Less



Miles driven: 15,000	Toyota Camry	Ford F-150
MPG 2007 Vehicle	24	16
MPG 2018 Vehicle	34	21
Gallons used 2007	625	938
Gallons used 2021	441	714
Gas tax paid 2007*	321	481
Gas tax paid 2021*	226	366
Decrease	-30%	-24%
Decrease in real dollars	-47%	-43%

Note: The Ford F-Series truck was the top-selling vehicle in the U.S. in 2007 and 2018, while the Toyota Camry was the top-selling sedan. F-150 Truck: 2-wheel drive, 6-cylinder automatic. Toyota Camry: 4-cylinder automatic.
*All federal and state excise taxes on gas.

Gas Tax: It's Just One Consideration

"An empirical analysis by the Transportation Investment Advocacy Center (TIAC) found that on average, one-third of an increase—or decrease—in state gasoline tax rates is passed through to consumers in the retail price on the day the change takes effect, with no significant impact after that time.

These results confirm previous research that suggest state gas taxes are just one component of a complex pricing scheme that includes consideration of the price of crude oil and other state specific factors..."

Source: Transportation Investment Advocacy Center