



STATEWIDE MOTOR FUELS TAX



WHO



STATE

COST TO COLLECT



LONGEVITY



RELIABILITY



IMPLEMENTATION



CASE STUDY



In 2013, Wyoming raised the state motor fuels tax from 14 to 24 cents. Both Democrats and Republicans supported

the increase, as did groups like the Wyoming Taxpayers Association, the Wyoming Association of Municipalities, and the Wyoming Association of County Commissioners.

However, opposition came from lawmakers whose constituents opposed tax increases of any kind. The Wyoming Farm Bureau Federation, the Wyoming Branch of the National Federation of Independent Businesses, and Wyoming Freedom also voiced opposition.

The tax increase is expected to raise over \$70 million each year, including:

- \$71.9 million in FY 2014.
- \$74.1 million in FY 2015.
- \$76.4 million in FY 2016.

More Information: tti.tamu.edu/policy/how-to-fund-transportation

Description

The motor fuels tax pays for many of the transportation projects in Texas. Currently, the State of Texas charges a flat 20 cent per gallon tax on gasoline and diesel fuels. The state puts 15 cents of that into the Highway Fund. The remaining 5 cents goes to public education.

The tax rate has not increased since 1991. Texas ranks 42nd among states in terms of its state gasoline tax rate. Some want to increase this tax to cover ongoing highway costs.

How Will This Help?

- **Helps reduce congestion and maintain the safety and quality** of Texas roads and bridges.
- **Helps keep up with highway construction costs** by restoring the purchasing power of the gas and diesel tax.
- **Reduces the need to borrow** for transportation improvements.

What's the Downside?

- Fuel tax profits will decrease as vehicles become more fuel efficient and alternative-fuel vehicles become more common.

ESTIMATED FUND YIELD FROM 2016-2019



1 cent/gallon increase yields

\$516 million more for transportation

\$172 million more for public education

5 cent/gallon increase yields

\$2.6 billion more for transportation

\$860 million more for public education

10 cent/gallon increase yields

\$5.1 billion more for transportation

\$1.7 billion more for public education

