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Thus far in 2014, 34 state legislatures have proposed 92 unique motor-fuel tax related bills.¹ The map below illustrates the states that proposed legislation and the thirteen states that enacted motor-fuel tax changes.

¹ This review includes all the legislation proposed in states with 2014 legislative sessions. 2013 legislation was included for those states that have biennial sessions (2013-14). Texas enacted legislation in the 2013 session related to the gas tax and is included in this review, though they do not have a 2014 session. A full listing of states and their current session dates is available here: http://www.aeltracker.org/graphics/uploads/2014StateSessionDates.pdf.
To date, 13 states have enacted an equal number of laws that address motor-fuel tax policy. The pie chart below illustrates the policy category to which the enacted legislation most closely relates. Six bills passed in Florida, Georgia, Iowa, Tennessee, Texas, and Wyoming set gallon equivalents for Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) to apply to an existing motor-fuel tax. Wyoming’s HB 69, for example, sets the gasoline gallon equivalency for CNG at 5.66 pounds and the diesel gallon equivalent at 6.06 pounds for LNG.

Five states expanded their motor-fuel tax this session. Oklahoma (SB 519), Mississippi (HB 1590), and Missouri (HB 2141) expanded taxes to include natural gas fuels. South Dakota (SB 93) and West Virginia (SB 454) enacted legislation that expanded the tax to any alternative fuel used to propel a vehicle.

New Mexico enacted the only bill to increase taxes, as HB 30 increased tax rates on CNG and LNG by 1.33 and 8.06 cents respectively. Finally, Washington enacted SB 6440, requiring the development of a workgroup to study how best to reform the motor-fuel tax and incorporate natural gas fuels.

Key Takeaways in 2014 Motor-Fuel Tax Legislation

1. The most common type of legislation enacted clarified how motor-fuel taxes should be applied to natural gas fuels. Newly enacted expansions focused on requiring either the incorporation of natural gas fuels or all alternative fuels into the motor-fuel tax.

2. This year, concerns about revenue shortfalls in the federal Highway Trust Fund, which is supported predominately by taxes on motor-fuels, led Obama administration officials to warn states of funding shortfalls. In an effort to ensure solvency of the fund through May 2015, the U.S. Congress recently passed a short-term fix to the trust fund. Amidst uncertainty regarding federal action, states have been active in proposing their own modifications to their motor-fuel taxes.

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