

FUEL TAXES AS TRANSPORTATION FUNDING SUBJECT BRIEF



FLORIDA DEPARTMENT OF TRANSPORTATION

What are Fuel Taxes?

Fuel taxes are assessed per gallon of gasoline or diesel fuel and are incorporated in the price per gallon drivers pay at the pump. Fuel taxes are established by federal and state laws, and local governments may impose optional taxes as well.

Fuel taxes provide at least **58 percent** of the funding for Florida's transportation system



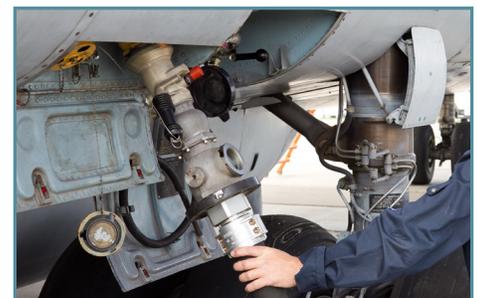
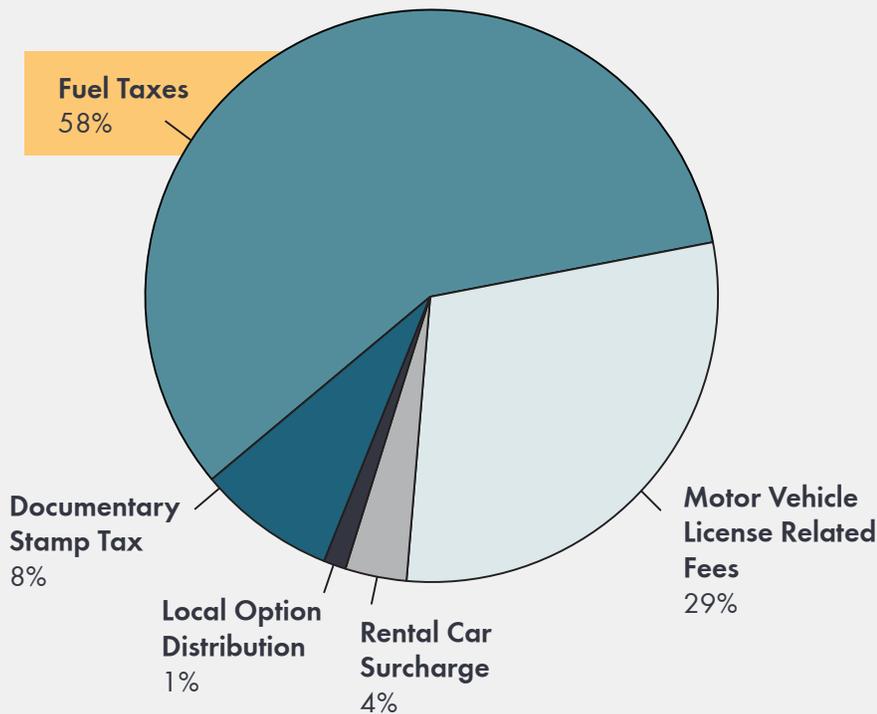
Why are Fuel Taxes important?

Revenues from fuel taxes are directly affected by gas and diesel consumption. Fuel consumption is affected by improved efficiencies of modern vehicles and the growing market-share of electric and hybrid vehicles. Consumption may also be affected by local, state, or national emergencies and the economy, with a potential drop in fuel purchases associated with economic downturns.

Within the next 5-10 years, fuel consumption is projected to flatten out and then decline based on the [January 2020 Transportation Revenue Estimating Conference](#), a forecast used in Florida for the development of the constitutionally required Long-Range Financial Outlook, the Governor's budget recommendations, and the General Appropriations Act. Nationally, state transportation officials are exploring policy changes to ensure long term sustainability of funding to adequately maintain and improve the transportation system. FDOT is monitoring this work through participation in national coalitions and national organizations, and FDOT's own exploratory research initiatives.

State Taxes and Fees Deposited in State Transportation Trust Fund (STTF)

Fiscal Year 2019



What are the types of fuel taxes used for transportation funding?

Federal

The federal gasoline tax of 18.4 cents per gallon and the federal diesel tax of 24.4 cents per gallon are not indexed to inflation and Congress has not changed their level since 1993. Therefore, these taxes, collected as a flat rate per gallon, have remained static for 27 years. Drivers in Florida pay billions of dollars in federal fuel taxes bound for the Federal Highway Trust Fund. Federal Highway Trust Fund resources are then distributed back to the states, which the amount of tax revenue that each state reports playing a significant role in the level of revenues they receive. Revenues from the federal fuel taxes primarily support maintenance and construction of roads and bridges with a portion funding mass transit and leaking fuel tanks.

State and Local

Florida fuel taxes, including a minimum local option, are 32.2 cents. There are two primary fuel taxes deposited into the STTF: the Highway Fuel Sales Tax and the State Comprehensive Enhanced Transportation System (SCETS) Tax. These two taxes accounted for 97 percent of fiscal year 2019 Fuel Tax collections, with other revenue coming from the Off-Highway Fuel Sales Tax, the Aviation Fuel Tax, and a few other fuel use taxes and fees.

Florida Drivers pay a variety of different fuel taxes, including federal, state-only, state/local (state tax revenues that flow directly to local governments), and local taxes. Considering local rates, fuel taxes are an even more significant source of revenue for infrastructure than suggested when only considering the state and federal funds administered by the FDOT.

Federal (18.4¢)	State (22.2¢)
<ul style="list-style-type: none"> Fuel Excise Tax 	<ul style="list-style-type: none"> Highway Fuel Sales Tax SCETS Tax
State/Local (4¢)	Local (6¢-12¢)
<ul style="list-style-type: none"> Constitutional Fuel Tax County Fuel Tax Municipal Fuel Tax 	<ul style="list-style-type: none"> Ninth-Cent Fuel Tax Local Option Fuel Taxes

The average Florida driver contributes 13.5 cents per gallon in local fuel taxes to support local transportation projects.

The average Florida driver pays about **\$300 per year*** in fuel taxes

Federal
\$102

State
\$123

Local
\$75

*Based on the 2018 Florida average of 12,754 miles driven, fuel efficiency of 23.1 miles/gallon, and a total tax rate of \$0.543 cents/gallon.



Where Can I Learn More?

[American Petroleum Institute](#)

Provides information on the gasoline taxes in each state.

[Florida Department of Revenue](#)

Provides information on [fuel taxes](#) in Florida.

[Florida Department of Transportation](#)

Provides additional information on Transportation Tax sources.

[Federal Highway Administration](#)

Provides information on the [FAST ACT](#) and use of [Highway-User Taxes](#), the [Highway Trust Fund](#), and revenue trends.

[Transportation Research Board](#)

Provides information on [fuel taxes and alternatives for transportation funding](#) and discusses [Local Option Motor Fuel Taxes](#).

[U.S. Energy Information Administration](#)

Provides information on state and federal gasoline and diesel tax rates.



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LINKS

[Local Government Transportation Funding Options Subject Brief](#)