



***Caltrans***®

# **Transportation Funding Overview**

## **Fuel Excise Taxes**

Presented to the  
California Road Charge Pilot Program  
Technical Advisory Committee

January 23, 2015

# Fuel Excise Taxes

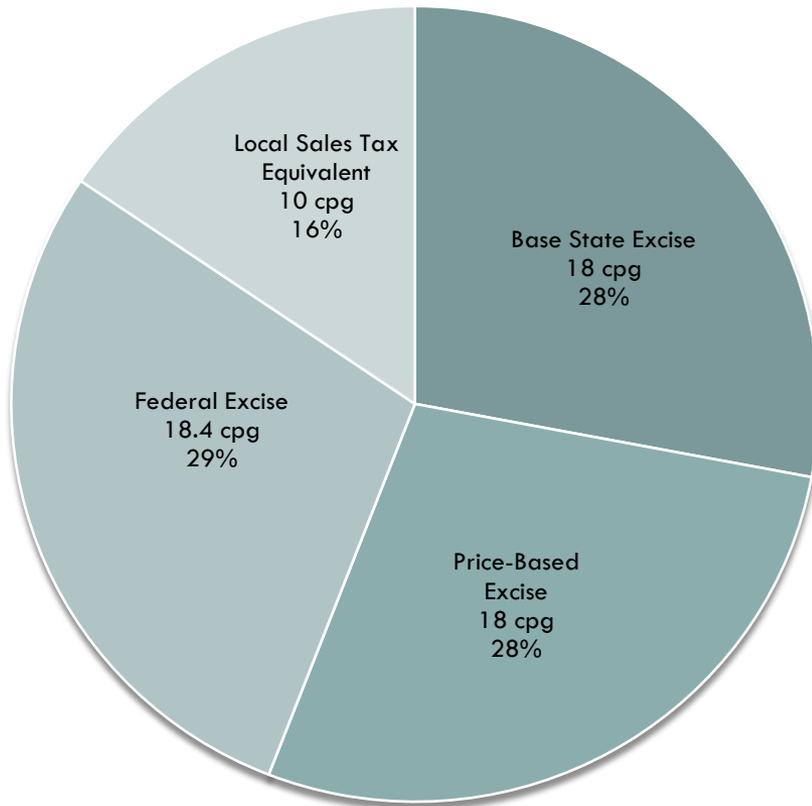
- An Excise Tax is a tax levied on a unit of sale, not on the value of the sale.
- Gasoline
  - Federal Excise Tax – 18.4 cents per gallon (cpg)
  - State Base Excise Tax – 18 cpg
  - State Price-Based Excise Tax – 18 cpg (2014-15)
    - Adjusted Annually to roughly equal a sales tax
- Diesel
  - Federal Excise Tax – 24 cpg
  - State Base Excise Tax – 11 cpg (2014-15)
    - Adjusted Annually to maintain revenue neutrality with sales tax

# Base Excise Tax Facts

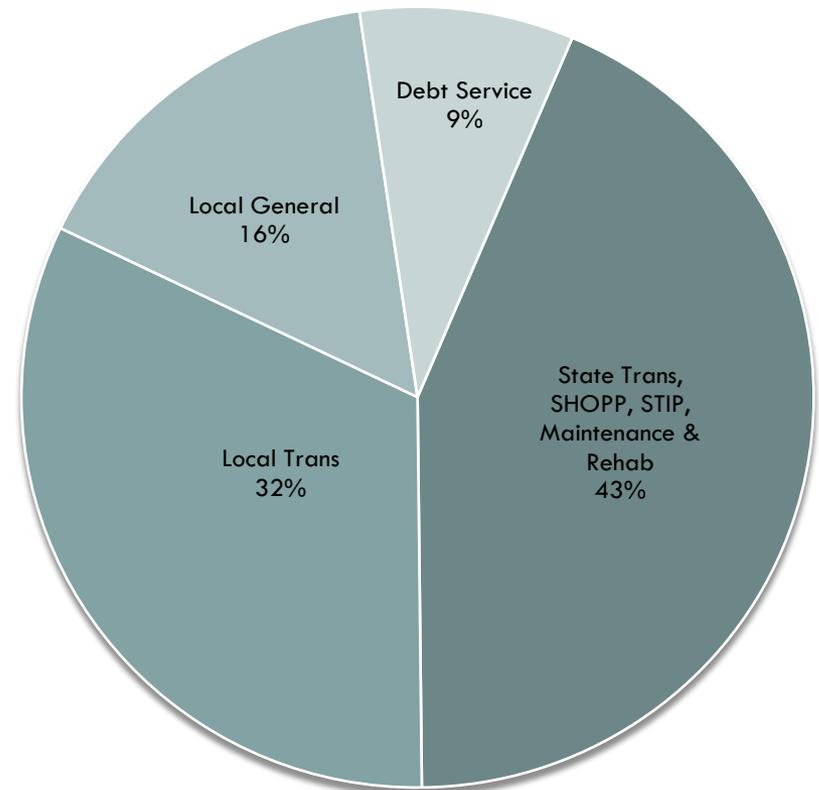
YEAR	EVENT	GAS TAX RATE
1923	First gas tax approved by voters.	2¢/gal
1927	1¢ tax added for new highway construction.	3¢/gal
1947	Collier-Burns Act – gas tax increased 1.5¢.	4.5¢/gal
1953	Gas tax increased by 1.5¢ to fund highway improvements.	6¢/gal
1963	The legislature increased gas tax by 1¢.	7¢/gal
1983	Gas tax increased by 2¢ for the first time in just over 19 years.	9¢/gal
1990	Proposition 111 passed. The gas tax increased to 14¢ with a yearly increase of 1¢ per year for four more years, through 1994.	14¢/gal
1991	Gas tax increased by 1¢ per Proposition 111.	15¢/gal
1992	Gas tax increased by 1¢ per Proposition 111.	16¢/gal
1993	Gas tax increased by 1¢ per Proposition 111.	17¢/gal
1994	The last time the gas tax was increased.	18¢/gal

# Sources and Uses of Fuel Taxes on Gasoline

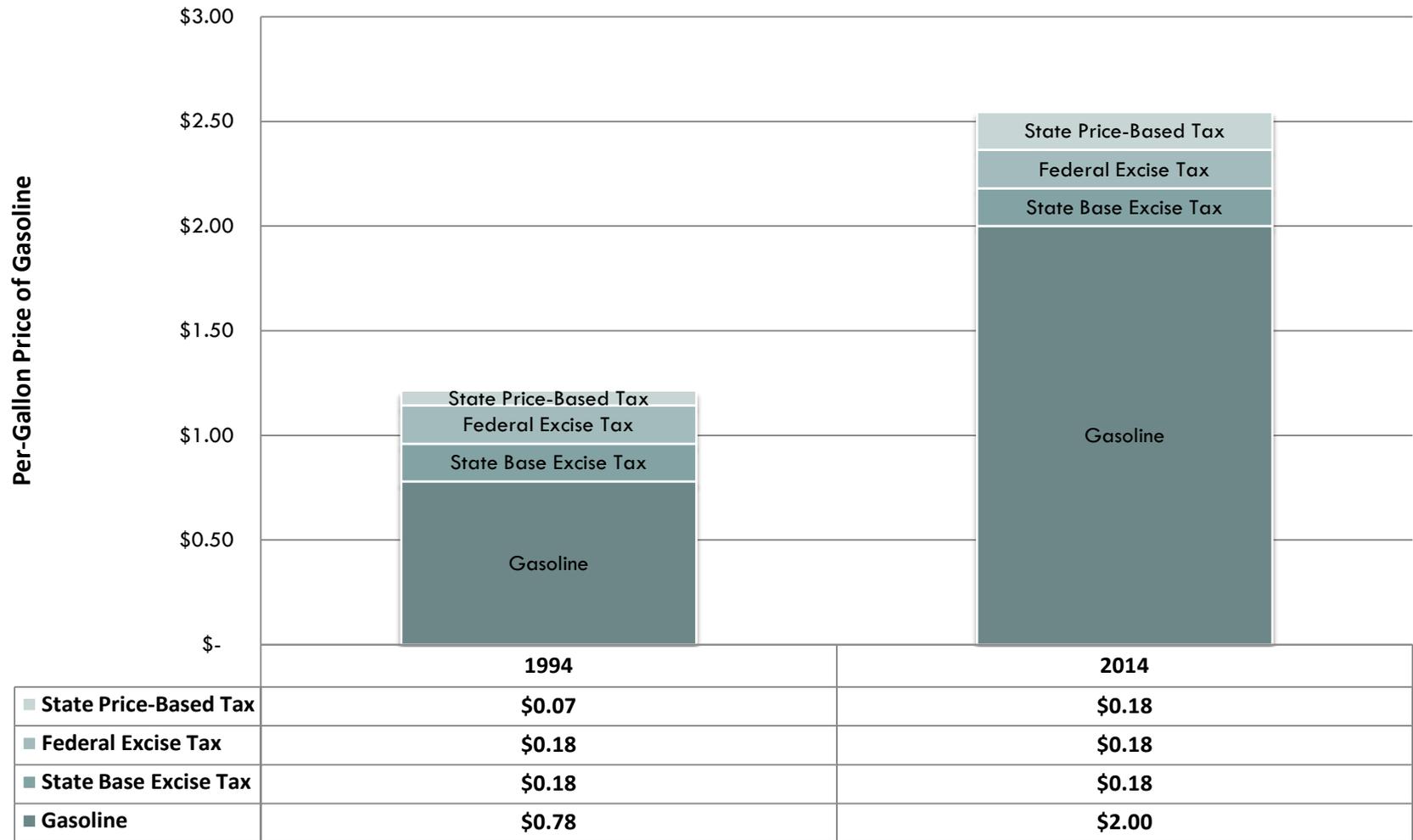
## Components of Tax on Gasoline Up to 65 cpg



## Uses of Tax collected on Gasoline Up to 65 cpg



# Gasoline Costs and Taxes



# Average Annual Cost of Select Items in 2014



**Cable**  
**\$1,032**



**Cell Phone**  
**\$852**



**Coffee Habit**  
**\$780**

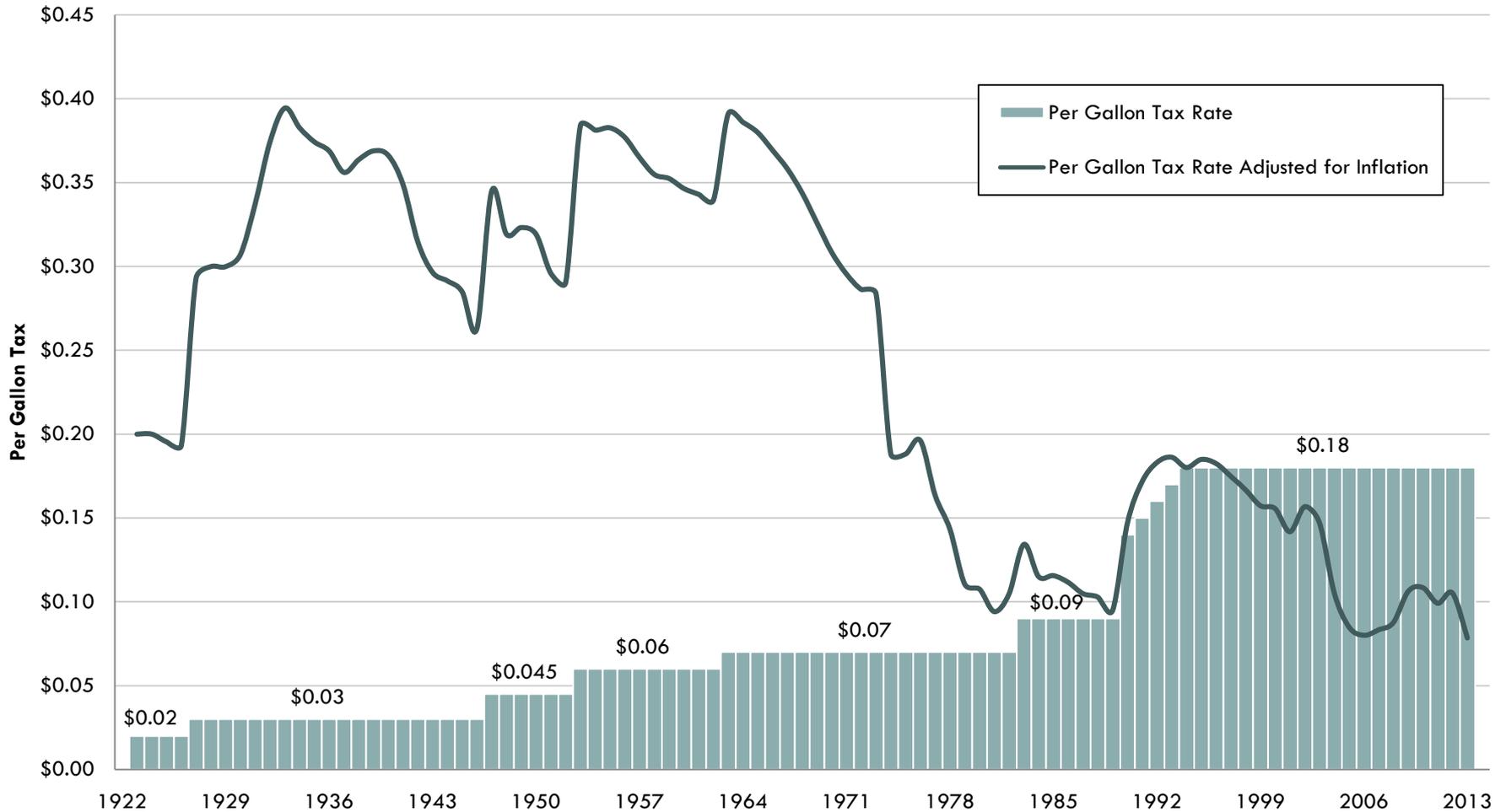


**Internet**  
**\$540**



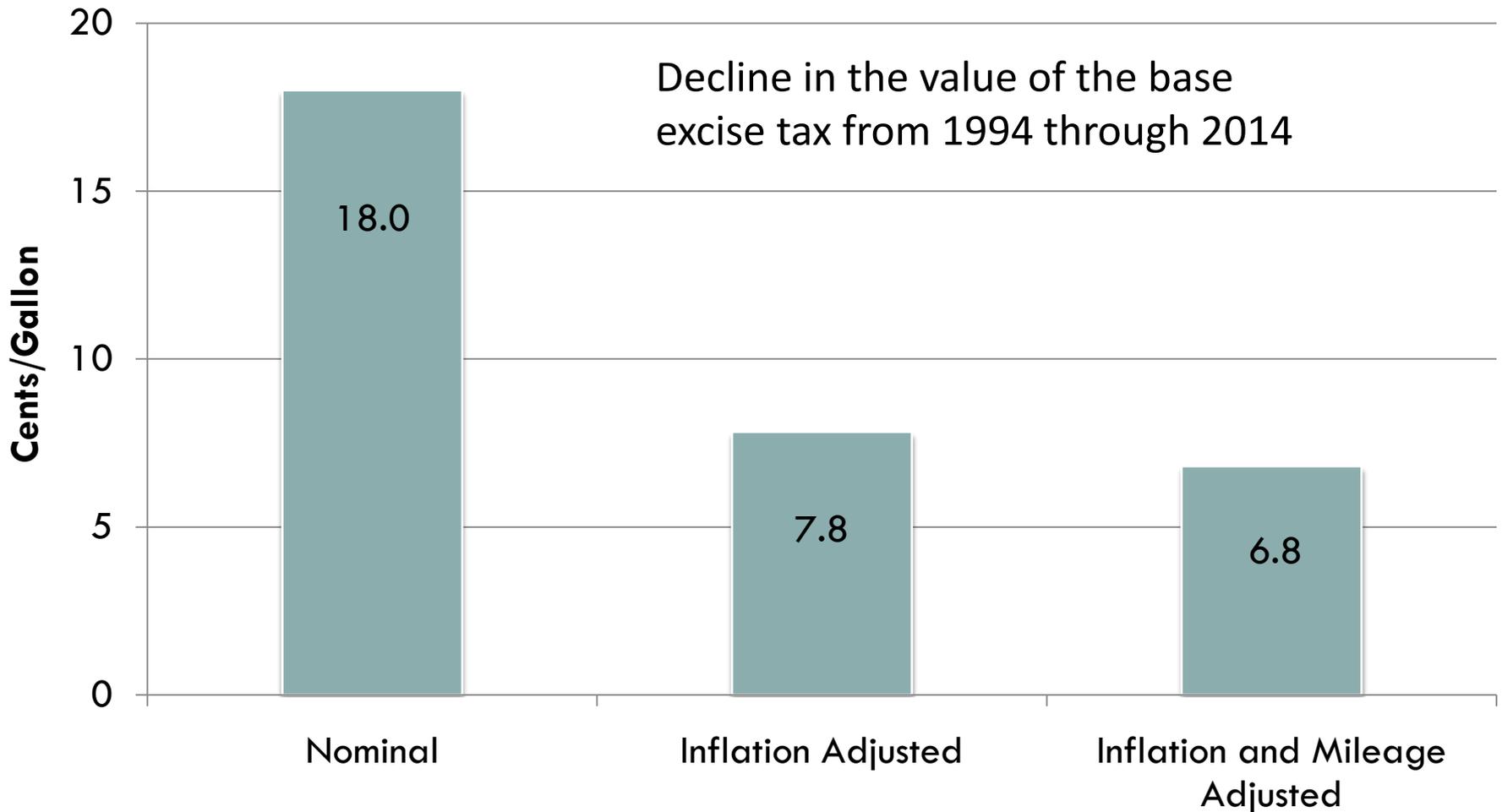
**Gas Taxes**  
**\$368**

# History of the Base Gasoline Excise Tax Rate

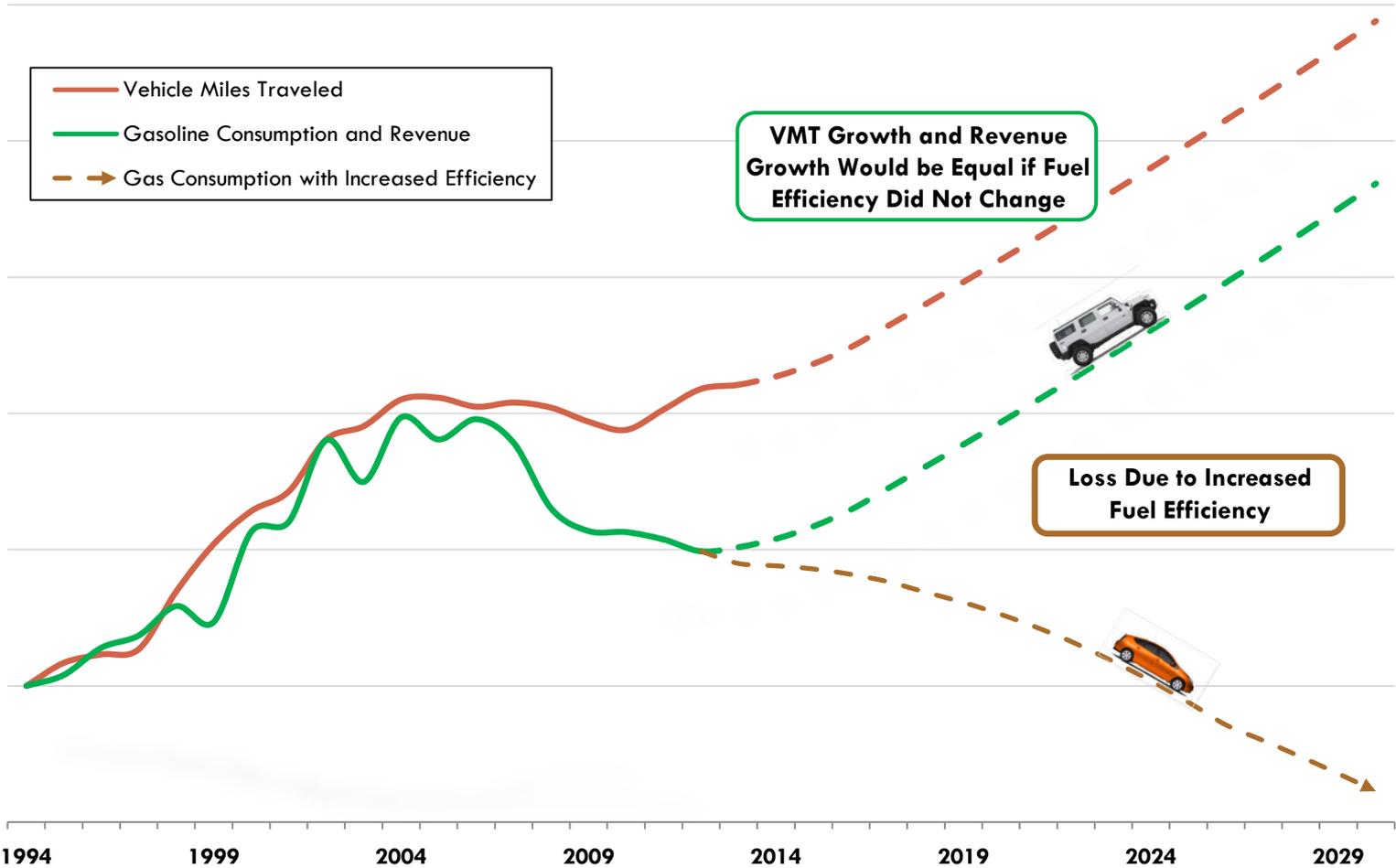


Source: Board of Equalization. Escalation based on California State Highway Construction Cost Index and Consumer Price Index

# What is the 18-cent Gas Tax Worth Today?



# Revenue Loss Due to Increases in Fuel Economy



VMT Growth and Revenue Growth Would be Equal if Fuel Efficiency Did Not Change

Loss Due to Increased Fuel Efficiency



# Conclusion

