

# Vermont Gas Tax

Senate Committee on Transportation

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# Gas Tax Overview

- VT has a **hybrid gas tax system** comprised of fixed taxes and two variable assessments that are calculated quarterly based on price.
- **State fixed taxes total \$0.131:**
  - \$0.121 gasoline tax is deposited *primarily* in the Transportation Fund.
  - \$.01 Petroleum Cleanup Fee is deposited in the Petroleum Cleanup Fund
- **State Variable Assessment Rate**
  - **4% Motor Fuel Tax Assessment (MFTA) to the T-Fund**
  - **2% Motor Fuel Transportation Infrastructure Assessment (MFTIA) to the TIB Fund**

Vermont Gasoline Levies (as of Jan-Mar 2023)			
Revenue Source	Effective Tax (cents per gallon)	Fund/Purpose	Description/Statute Citation
Per-Gallon General Gasoline Tax	11.345	Transportation Fund	23 V.S.A. § 3106(a)(1)(A)
	0.380	DUI Enforcement Special Fund	23 V.S.A. § 1220a(b)(3)
	0.285	Fish and Wildlife Fund	0.375 cents is distributed 76% to Fish and Wildlife Fund, 24% to Department of Forests, Parks, and Recreation for natural resource management. 23 V.S.A. § 3106(d).
<i>Total Per-Gallon General Gas Tax</i>	<b>12.100</b>		
Gasoline Assessment (4%) <a href="#">(Motor Fuel Tax Assessment)</a>	<b>13.400</b>	Transportation Fund	Calculated quarterly based on 4% of average tax-adjusted retail prices of prior quarter. Minimum of 13.4 cents, maximum of 18 cents. 23 V.S.A. § 3106(a)(1)(B)(ii).
TIB Assessment (2%) <a href="#">(Motor Fuel Transportation Infrastructure Assessment)</a>	<b>6.500</b>	Transportation Infrastructure Bond (TIB) Fund	Effective tax recalculated quarterly based on 2% of average tax-adjusted pump prices of prior quarter. Minimum of 3.96 cents, no maximum. 23 V.S.A. § 3106(a)(1)(B)(i).
Petroleum Cleanup Fee	<b>1.000</b>	Petroleum Cleanup Fund	10 V.S.A. § 1942
<b>Total State Taxes and Assessments</b>	<b>33.000</b>		
<b>Federal Gas Tax</b>	<b>18.400</b>	Federal Highway Trust Fund	
<b>Total State and Federal Taxes and Assessments</b>	<b>51.400</b>		



# Gasoline Assessments

- VT levies 2 variable gasoline assessments:
  - **4% Motor Fuel Tax Assessment (MFTA) to the T-Fund**
    - Minimum of \$0.1340 (<\$3.87 at the pump) and maximum of \$0.18 (>\$5.08 at the pump)
  - **2% Motor Fuel Transportation Infrastructure Assessment (MFTIA) to the TIB Fund**
    - Minimum of \$0.0396 (<\$2.48 at the pump) and no maximum
- **Assessments are calculated based on the tax-adjusted average retail price of regular gas during the prior quarter.**
- **VT expects to tax 283 million gallons of gas in FY 2025, per the January 2024 consensus revenue forecast. At that consumption rate, each \$0.01 tax increase would yield approximately \$2.83 million of additional revenue**

Vermont Gasoline Taxes and Assessments								
per gallon	a	b	c	d	e	f = a-b-c-d-e	g = f * 0.04	h = f * 0.02
	Average Retail Price	Federal Gas Tax	VT State Taxes and Assessments			Tax-Adjusted Price	Next Quarter	
			Fixed Gas Taxes	Current Quarter			MFTA 4%	MFTIA 2%
				MFTA 4%	MFTIA 2%		MFTA 4%	MFTIA 2%
FY 2022 Q1	\$ 3.0667	\$0.1840	\$0.1310	\$0.1340	\$0.0478	\$ 2.5699	\$0.1340	\$0.0514
FY 2022 Q2	\$ 3.3200	\$0.1840	\$0.1310	\$0.1340	\$0.0514	\$ 2.8196	\$0.1340	\$0.0564
FY 2022 Q3	\$ 3.5533	\$0.1840	\$0.1310	\$0.1340	\$0.0564	\$ 3.0479	\$0.1340	\$0.0610
FY 2022 Q4	\$ 4.4866	\$0.1840	\$0.1310	\$0.1340	\$0.0610	\$ 3.9766	\$0.1591	\$0.0795
FY 2023 Q1	\$ 4.4300	\$0.1840	\$0.1310	\$0.1591	\$0.0795	\$ 3.8764	\$0.1551	\$0.0775
FY 2023 Q2	\$ 3.7967	\$0.1840	\$0.1310	\$0.1551	\$0.0775	\$ 3.2491	\$0.1340	\$0.0650
FY 2023 Q3	\$ 3.4467	\$0.1840	\$0.1310	\$0.1340	\$0.0650	\$ 2.9327	\$0.1340	\$0.0587
FY 2023 Q4	\$ 3.5200	\$0.1840	\$0.1310	\$0.1340	\$0.0587	\$ 3.0123	\$0.1340	\$0.0602
FY 2024 Q1	\$ 3.7300	\$0.1840	\$0.1310	\$0.1340	\$0.0602	\$ 3.2208	\$0.1340	\$0.0644
FY 2024 Q2	\$ 3.5700	\$0.1840	\$0.1310	\$0.1340	\$0.0644	\$ 3.0566	\$0.1340	\$0.0611
FY 2024 Q3		\$0.1840	\$0.1310	\$0.1340	\$0.0611			

VT Fixed Gas Taxes includes 1 cpg petroleum clean-up fee. Gas tax allocated 11.345 cpg to Transportation Fund, 0.38 cpg to DUI Enforcement Fund, 0.285 cpg to Fish and Wildlife Fund, 0.09 cpg to Dept of Forests, Parks and Recreation.  
MFTA dedicated to Transportation Fund.  
MFTIA dedicated to Transportation Infrastructure Bond (TIB) Fund.

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# Diesel Taxes and Assessments

- VT levies 2 fixed taxes on diesel, plus a Petroleum Cleanup Fee:

**\$0.28** Diesel Tax to the T-Fund

**\$0.03** Diesel TIB Assessment to the TIB Fund

**\$0.01** Petroleum Cleanup Fee to the Petroleum Cleanup Fund

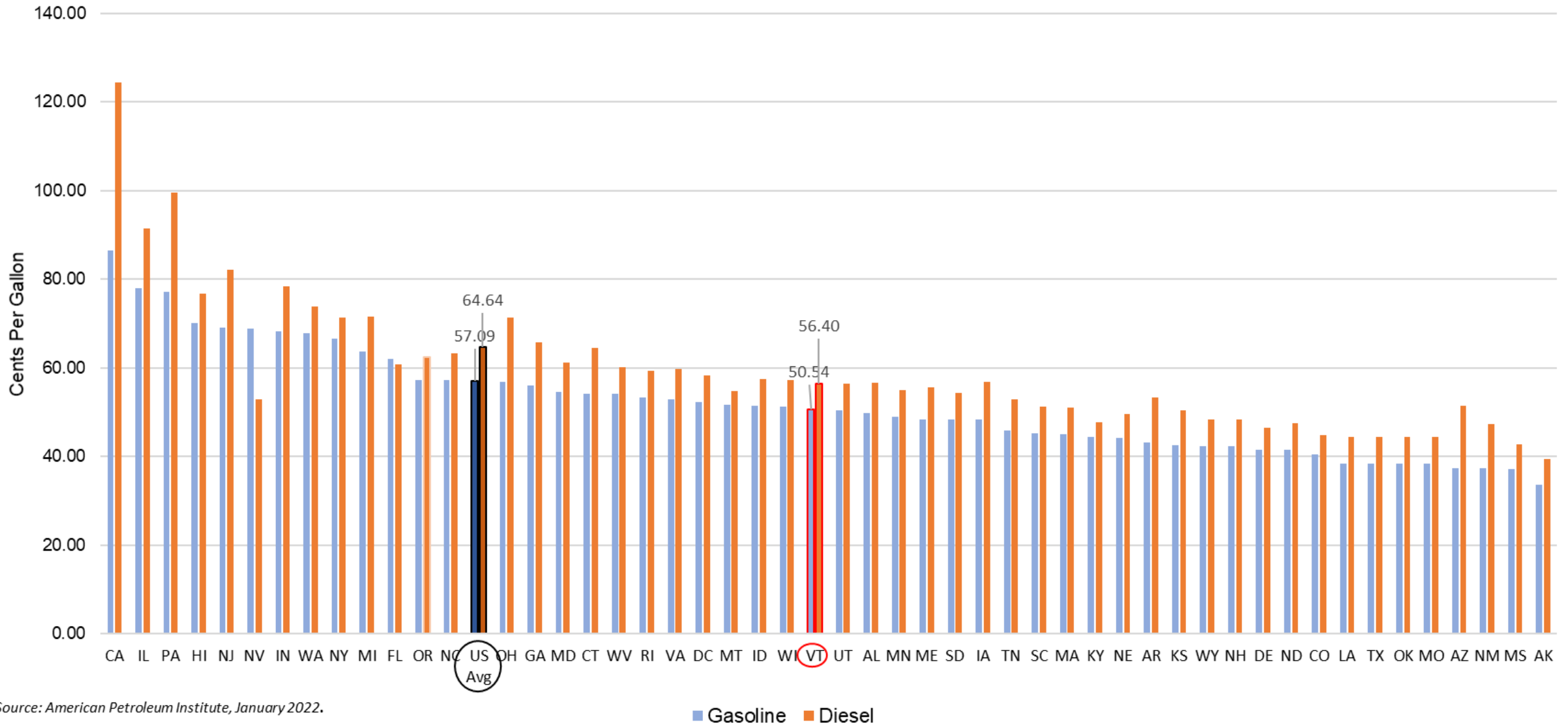
**\$0.32** Total VT Diesel Taxes and Assessments

An additional federal diesel tax of \$0.244 also applies, for a total rate of **\$0.564**.

- In FY2024, diesel is forecast to generate \$17.8 million for the T-Fund and \$1.9 million for the TIB Fund based on 66.8 million taxable gallons. A \$0.01 increase in the tax rate would be expected to yield approximately \$670,000 additional revenue.
- While not a large share of VT's transportation revenues, diesel revenues have been (and are expected to be) relatively flat over time.
- International Fuel Tax Agreement captures revenue from cross-state commercial trucking but represents a small share of VT's diesel revenue (~\$150k-\$250k).



# Total State and Federal Gasoline and Diesel Taxes by State



Source: American Petroleum Institute, January 2022.

As of January 2022. Figure reflects weighted averages calculated by API to account for county/metro variations in tax rates in some states.



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