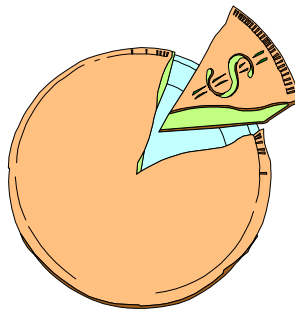


HIGHWAY TAXES AND FEES

How They Are Collected and Distributed

2001



Office of Highway Policy Information
Highway Funding and Motor Fuels Division
June 2001

Publication No. FHWA-PL-01-029

PREFACE

This publication was prepared by the Office of Highway Policy Information, Federal Highway Administration. *Highway Taxes and Fees, How They Are Collected and Distributed* was first published in 1981. However, certain tables appearing in this publication were periodically included from 1946 to 1977 in the annual publication *Highway Statistics*. The following issues of *Highway Taxes and Fees, How They Are Collected and Distributed* are available on microfiche or as a paper copy from the Department of Commerce, National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161. Placing orders with or making inquiries of NTIS can be made over the Internet <http://www.ntis.gov>; by phone at 1-800-553-6847 or (703) 605-6000; or by fax at (703) 321-8547. The following accession numbers and prices are to be used in ordering from NTIS. The listed prices are subject to change. A handling charge \$5.00 is added to each order.

<i>Year</i>	<i>Accession Number</i>	<i>Cost per paper copy</i>	<i>Cost per microfiche copy</i>
1981	PB89-152045/LL	\$34.00	\$15.00
1982	PB90-171950/LL	\$34.00	\$15.00
1984	PB89-152052/LL	\$34.00	\$15.00
1986	PB91-224386/LL	\$34.00	\$15.00
1988	PB88-230669/LL	\$34.00	\$15.00
1991	PB91-223727/LL	\$36.50	\$21.00
1993	PB93-207629/LL	\$41.00	\$21.00
1995	PB95-249801/LL	\$41.00	\$21.00
1998	PB2000102249/LL	\$36.00	\$17.00

CONTENTS

	<u>Table</u>	<u>Page</u>
Introduction		1
State Taxation of Gasoline	MF-101	3
State Taxation of Special Fuels	MF-102	5
State Gasoline Tax Loss and Expense Allowances	MF-103	9
Motor-Fuel Tax Provisions on Interstate Motor Carriers	MF-104	11
Exemption and Refund Provisions of State Gasoline Taxation	MF-105	13
Provisions Governing the Disposition of State Motor-Fuel Tax Receipts	MF-106	19
State Licenses and Fees Imposed on Wholesale Distributors of Motor Fuel	MF-107	89
State Licenses and Fees Imposed on Retail Dealers of Motor Fuel	MF-108	92
State Licenses and Fees Imposed on Users of Motor Fuel	MF-109	94
State Liquid-Fuels Inspection Fees	MF-110	97
Summary of State Motor-Vehicle Registration Fee Schedules	MV-103	99
Provisions Governing the Disposition of State Motor-Vehicle and Motor-Carrier Receipts	MV-106	114
Provisions Governing the Allocation for Highway Purposes of Certain State Taxes, Fees, and Appropriations (Other than Highway-User Revenues)	S-106	153
Provisions Governing the Allocation of Federal Funds for Highway Purposes	F-106	162

INTRODUCTION

This publication presents tabular information on State and Federal laws that provide for the taxation of motor fuels, motor vehicles, motor carriers, and licensed drivers, and the distribution of revenues from these highway taxes and fees. Also included are tables that show the use of other State taxes for highways and the involvement of Federal agencies and Federal funds in highway activities. The information presented is based on data obtained from State authorities and the laws of the various States.

Motor Fuel Taxes & Fees

Data on motor fuels, including the State gallonage tax rates on gasoline, diesel, liquefied petroleum gas, and gasohol, and sales taxes on motor fuels are summarized in Table MF-121T. Tables MF-101 through MF-105 provide data on State laws for administering gasoline and special-fuel taxes.

The current version of Table MF-104 reflects the fundamental shift in the taxation of Interstate motor carriers caused by the International Fuel Tax Agreement (IFTA). As of September 30, 1996, all States and Canadian Provinces have become participating members in IFTA. IFTA replaced individual State motor-fuel tax provisions on Interstate motor carriers with a uniform method of reconciling motor-carrier taxation among member jurisdictions.

The uniform method simplified motor-fuel tax reporting by allowing a motor carrier to report and pay motor-fuel taxes owed to the States and Canadian Provinces to a single base jurisdiction, typically their home State or Province. Under IFTA an Interstate motor carrier only needs a single IFTA fuel tax license for each of its qualified motor vehicles.

IFTA defines a qualified motor vehicle as a motor vehicle, other than a recreational vehicle, that is used, designed or maintained for the transportation of persons or property that: has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds; or has three or more axles regardless of weight; or is used in combination, and the gross vehicle weight of the combination is more than 26,000 pounds.

For these qualified motor vehicles, the formula most used for the calculation of IFTA-taxed gallonage is: 1) total mileage is divided by total fuel usage to determine fleet miles per gallon, and 2) total mileage within each jurisdiction is then divided by fleet miles per gallon to determine taxable gallons for each jurisdiction.

Taxable gallons are multiplied by the member tax rates to determine the amount of the tax liability. The amount of the tax is paid to the base jurisdiction. IFTA defines the base jurisdiction as the jurisdiction where: the motor carrier is registered, the operational control and operational records of the qualified motor vehicles are maintained, and some travel actually occurs by qualified motor vehicles of a motor carrier's company fleet.

The base State or Province uses a clearinghouse arrangement to forward the portion of motor-fuel taxes owed to other member States and Provinces. IFTA taxable gallonage may be calculated in more than one way. Several States have legislated a variation of the formula with the results about the same as the above formula. Payments for qualified motor vehicles are made quarterly in all jurisdictions. The quarterly report and payment are due on the last day of the month immediately following the close of the quarter for which the report and payment are being filed. A few States have legislation that exempts small operators from quarterly payments but requires annual filing and payment.

Tables MF-107 through MF-109 summarize the State licenses and fees imposed on wholesalers, retailers, and users of motor fuel. Table MF-110 gives the fee schedule for the inspection of liquid fuels. Table MF-106 details the legal provisions governing the disposition of State motor-fuel tax receipts. In States that deposit motor-fuel, motor vehicle and other revenues in a common fund, the distribution and use of these revenues are reported in Table MF-106.

Motor Vehicle Taxes & Fees

Table MV-103 summarizes data on motor vehicles and includes the fee schedule for registering automobiles, single-unit trucks, tractor-trucks, semitrailers, twin semitrailer combinations, and the typical fee for each class of vehicle, including 3-axle and 5-axle combinations and the twin semitrailer combinations. Table MV-106 gives the provisions governing the disposition of State motor-vehicle, motor-carrier, and driver-license revenues.

Other State Taxes & Fees

An additional table is included to show other State funding for highways. Table S-106 shows the allocation of State taxes and fees, not considered to be highway-user revenue, for highways. Highway-user revenue are taxes and fees levied on the owners and operators of motor vehicles for their use of the public highways, which are included in the MF and MV table series. Not all taxes paid by highway users are considered to be highway-user revenue.

The distinction between highway-user taxes and other State taxes that are dedicated for highways is sometimes difficult to determine. Sales and use taxes, gross receipts taxes and ad valorem property taxes are not considered highway-user imposts when they are part of general tax structures and are applied to a variety of commodities not related to highways. If a tax is applied to a broad spectrum of commodities (even if a given portion is dedicated to highways), FHWA considers it to be a nonuser tax and is included in Table S-106.

Federal Taxes & Funding

Two tables on Federal funding for highways are included. Table FE-21B summarizes Federal motor-fuel and motor-vehicle taxes. Table F-106 lists the provisions governing the allocation of Federal funds for highway purposes. The data for Table F-106 are primarily obtained from the Federal budget.