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# MEMORANDUM

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Date: January 21, 2015

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: States with the Highest (and Lowest) Gas Taxes

Attached is a January 20, 2015 article from the *Wall Street Journal* regarding gas taxes in various states.

Arizona's gas tax is the fifth lowest in the nation. Those states with lower gas taxes include Alaska, which is a state with a coastal population and low per capita vehicle mileage; New Jersey, in which 35 percent of its major roads are in poor condition; and Oklahoma, which is noted for receiving failing grades for its roads and bridges, where 70 percent of funds from fuel taxes, registration fees and other vehicle-related sources "are diverted to non-transportation purposes."

Having the fifth lowest gas tax in the nation is not beneficial given the condition of our roads and highways and our aspirations for economic development and expansion.

CHH/anc

Attachment

c: John Bernal, Deputy County Administrator for Public Works  
Priscilla Cornelio, Director, Department of Transportation  
Michael Racy, Racy Associates, Inc.

## States With the Highest (and Lowest) Gas Taxes

January 20, 2015 by 247alex



As gas prices continue to fall, some Americans believe that the federal government should raise its gas tax, which has been unchanged at 18.3 cents per gallon since 1993. Yet, despite a clear need to bolster transportation and infrastructure funding, which often comes from taxes on gasoline, Congress appears to have little interest in raising the fuel tax.

With the federal government apparently disinterested in raising fuel taxes, some states have taken the lead in funding transportation. According to Michael Green, a spokesman for AAA, “Many states have taken it upon themselves to address the challenges associated with paying for roads, and other transportation projects.”

[Click here to see the states with the highest \(and lowest\) gas taxes](#)

24/7 Wall St. reviewed effective gas tax rates in each state, as summarized by the American Petroleum Institute. We then compared the state’s tax rate against the average gas price in the state. The share of fuel prices that are paid in taxes and fees has risen as gasoline has gotten cheaper. In a few states, taxes make up 15% or more of the price per gallon, including accounting for more than 21% of the gas price in Pennsylvania. Still, taxes in eight states account for less than 10% of the retail price of gas.

Not every state with a low gas tax, relative to the national average price, has a major incentive to increase the amount consumers pay. For instance, Alaska derives much of its tax revenue from oil production, and has historically had less use for a gas tax. However, in some states, the argument for a higher gas tax is likely more compelling. For New Jersey, which has the second lowest fuel tax and is constrained by substantial debts and pension liabilities, a gas tax hike could help it improve its infrastructure.

In some instances, states may not have the ability to raise more revenues from gas taxes, however. New Yorkers already pay more than 45 cents per gallon in fuel taxes, and generally face one of the nation’s highest tax burdens. Thus, even at current low prices, it may be politically difficult for the state to raise fuel taxes.

One major complicating factor is that some states peg their fuel tax to the price of gas. As gas prices drop, the amount these states can collect will also fall, especially if the drop in prices substantially outweighs the extra amount Americans are willing to drive.

Another complicating factor in deciding how to tax gas is that the market for gasoline differs substantially across the U.S. States in the Southeast, for example, are home to some of the nation’s least expensive gas, Green explained, “because these are states that are near major refineries, and also those

refineries have access to domestic crude oil.” California, on the other hand, typically has higher gas prices because its refineries consistently run at or near capacity to meet demand for the state’s specific, legally-required blend of gasoline.

In order to identify the effective gas tax in each state, 24/7 Wall St. reviewed January 2015 data from the American Petroleum Institute. We also reviewed data on gas prices from AAA’s Daily Fuel Gauge Report for January 14, 2015. Figures on state infrastructure are from either the Federal Highway Administration, or the American Society of Civil Engineers’ Infrastructure Report Card. Figures on per capita taxes are from the Tax Foundation, while information on states’ oil production, consumption and infrastructure comes from the Energy Information Administration (EIA).

These are the states with the highest (and lowest) gas taxes:

### 1. Alaska

- > **Tax as pct. of gas price:** 3.9%
- > **State fuel tax:** 11.3 cents per gallon (the lowest)
- > **Gas price:** \$2.91 (2nd highest)

Alaskans pay just 11.3 cents per gallon in gas taxes, the lowest of any state, despite having the second highest gas price in the nation. The state’s economy has historically been dependent on the energy industry, which also accounts for much of its economic activity and tax revenues. However, this also exposes the state to fluctuations in the oil price, including the commodity’s current rout.

### 2. New Jersey

- > **Tax as pct. of gas price:** 7.0%
- > **State fuel tax:** 14.5 cents per gallon (2nd lowest)
- > **Gas price:** \$2.06 (22nd highest)

New Jersey has the second lowest gas tax in the nation. The price of fuel, however, is relatively high due in large part to a statewide ban on self-service gas stations. Only Oregon has a similar law. While reform advocates argue that lifting the ban would lower gas prices, proponents of the ban argue that full-service stations are a critical source of jobs.

### 3. South Carolina

- > **Tax as pct. of gas price:** 8.6%
- > **State fuel tax:** 16.8 cents per gallon (3rd lowest)
- > **Gas price:** \$1.94 (12th lowest)

Gasoline costs \$1.94 per gallon in South Carolina, one of only a few states where gas is below \$2 a gallon. As in most states, low gas prices are the result of low taxes. South Carolina has the third-lowest gas tax in the nation. Overall state taxes are quite low as well, in fiscal 2012, the state collected \$1,710 per capita in taxes, less than all but two other states.

### 4. Oklahoma

- > **Tax as pct. of gas price:** 9.4%
- > **State fuel tax:** 17.0 cents per gallon (4th lowest)
- > **Gas price:** \$1.81 (2nd lowest)

Oklahoma levies 17 cents on each gallon of gasoline, the fourth lowest fuel tax nationwide. While the lower gas price is a boon for Oklahoma drivers, the state may have more trouble than others funding

infrastructure projects. The state received a close-to-failing grade for its bridges and roads in 2013 from the ASCE, which noted that over 70% of funds from fuel taxes, registration fees and other vehicle-related sources “are diverted to non-transportation purposes.”

#### 5. Arizona

- > **Tax as pct. of gas price:** 9.5% (5th lowest)
- > **State fuel tax:** 19.0 cents per gallon (8th lowest)
- > **Gas price:** \$2.01 (21st lowest)

Arizona maintains relatively low gasoline taxes, charging just 19 cents per gallon, among the lowest gas taxes of any state. As a result, less than 10% of the price of gas goes to the state, well below the average nationwide. The lack of competing uses for oil may also help keep gas prices down. According to the EIA, seven of every eight barrels of petroleum used in the state are used for transportation, mostly in the form of gasoline and diesel fuel.

#### 6. Mississippi

- > **Tax as pct. of gas price:** 9.7% (6th lowest)
- > **State fuel tax:** 18.8 cents per gallon (6th lowest)
- > **Gas price:** \$1.94 (10th lowest)

Drivers in Mississippi, home to many of the poorest Americans, likely appreciate the low price of gasoline, which is taxed just 18.8 cents per gallon. The low gas tax in Mississippi means that the price of gas is less than \$2 per gallon, as in only a few other states. Residents are close to major parts of the U.S. oil infrastructure, including the Mississippi River and the Gulf of Mexico.

#### 7. Missouri

- > **Tax as pct. of gas price:** 9.9% (7th lowest)
- > **State fuel tax:** 17.3 cents per gallon (5th lowest)
- > **Gas price:** \$1.74 (the lowest)

Missouri levies 17.3 cents in taxes on a gallon of gasoline, the fifth lowest nationwide, versus a national average tax rate of nearly 30 cents per gallon. Partly as a result, the price of gas in the state is the lowest in the country, at just \$1.74 per gallon. Also helping to keep costs down, Missouri is a transportation hub for oil, thanks to shipments along the Missouri and Mississippi rivers.

#### 8. New Mexico

- > **Tax as pct. of gas price:** 9.9% (8th lowest)
- > **State fuel tax:** 18.9 cents per gallon (7th lowest)
- > **Gas price:** \$1.90 (6th lowest)

The low price of gasoline in New Mexico is due in large part to the state fuel tax of less than 19 cents on the gallon — the seventh lowest nationwide. The state was among the top crude oil producers in the nation in 2013, which may have also contributed to the cheap fuel available in the state.

#### 9. Delaware

- > **Tax as pct. of gas price:** 10.3% (9th lowest)
- > **State fuel tax:** 23.0 cents per gallon (18th lowest)
- > **Gas price:** \$2.24 (16th highest)

Drivers in Delaware pay an additional 23 cents per gallon in state fuel taxes. While this is one of the lower tax rates in the nation, the price of fuel was on the higher, at \$2.24 per gallon. Unlike many other states, Delaware does not produce any of its own fuel. The state imports most of its oil via pipeline from outside sources.

#### 10. Louisiana

- > **Tax as pct. of gas price:** 10.3% (10th lowest)
- > **State fuel tax:** 20.0 cents per gallon (10th lowest)
- > **Gas price:** \$1.95 (14th lowest)

According to the EIA, Louisiana consumed more energy per capita than all but two other states in 2012, due in large part to industrial activity. The state is also a top refiner of oil — only Texas had more refineries as of the beginning of last year. High output and high consumption among both residents and businesses likely contributed to the state's exceptionally low gas prices.

#### 11. Alabama

- > **Tax as pct. of gas price:** 10.6% (11th lowest)
- > **State fuel tax:** 20.9 cents per gallon (11th lowest)
- > **Gas price:** \$1.97 (18th lowest)

Consumers in Alabama spend just 20.9 cents on state gasoline taxes and fees, well below the national average of nearly 30 cents. In general, Alabamians face low tax burdens, paying just 8.3% of their incomes in state and local taxes as of 2011, according to the Tax Foundation. By comparison, the average American spent almost 10% of their incomes on such taxes.

#### 12. Texas

- > **Tax as pct. of gas price:** 10.6% (12th lowest)
- > **State fuel tax:** 20.0 cents per gallon (9th lowest)
- > **Gas price:** \$1.88 (4th lowest)

Texas is the largest producer of petroleum in the nation. The state's 27 oil refineries accounted for nearly 30% of the nation's crude oil refining capacity as of January 2014. Texas' economic dependence on the oil industry may partly account for the exceptionally low cost of fuel. Drivers in the state paid less than \$1.90 per gallon, the fourth lowest gas price nationwide.

#### 13. New Hampshire

- > **Tax as pct. of gas price:** 10.9% (13th lowest)
- > **State fuel tax:** 23.8 cents per gallon (20th lowest)
- > **Gas price:** \$2.20 (18th highest)

New Hampshire's state government collected \$1,674 per capita in taxes during fiscal 2012, the lowest nationwide. The absence of both a sales tax and a tax on earnings largely accounts for the friendly tax climate in New Hampshire. The fuel tax of 23.8 cents per gallon, however — while among the lower figures reviewed — was not low enough to bring the overall cost of fuel lower than most states.

#### 14. North Dakota

- > **Tax as pct. of gas price:** 10.9% (14th lowest)
- > **State fuel tax:** 23.0 cents per gallon (18th lowest)
- > **Gas price:** \$2.11 (21st highest)

Although North Dakota's oil boom has made it the second largest oil producing state, behind Texas, the state's gas prices are actually quite high. This is likely due in part to the state's distance from much of the nation's oil infrastructure. The state's pipelines and rail lines export most of its oil to other states to be refined and sold. Also there is just one refinery in North Dakota.

### 15. South Dakota

- > **Tax as pct. of gas price:** 11.0% (15th lowest)
- > **State fuel tax:** 22.0 cents per gallon (14th lowest)
- > **Gas price:** \$2.00 (20th lowest)

Drivers pay 22 cents per gallon in state taxes in South Dakota, one of the lower fuel tax rates nationwide. While this helped lower the overall price of fuel, the state may have more difficulty funding infrastructural projects in the near future if it does not raise the tax. The South Dakota Legislature is currently considering a bill that would raise fuel taxes gradually over the next decade.

### 16. Tennessee

- > **Tax as pct. of gas price:** 11.0% (16th lowest)
- > **State fuel tax:** 21.4 cents per gallon (12th lowest)
- > **Gas price:** \$1.94 (12th lowest)

Compared to other states, Tennessee is not a large producer of crude oil or natural gas. Yet, the price of gasoline remains among the lowest in the nation, largely due to low tax rates. Gas cost less than \$2 per gallon, including the state fuel tax of 21.4 cents — the 12th lowest gas tax rate in the country.

### 17. Virginia

- > **Tax as pct. of gas price:** 11.1% (17th lowest)
- > **State fuel tax:** 22.4 cents per gallon (17th lowest)
- > **Gas price:** \$2.02 (23rd lowest)

After Congress failed to pass a law allowing states to tax online retail sales, Virginia hiked its gas tax to fund transportation spending. Virginia's excise tax has both a fixed and a variable component, which depends on the gas price. Parts of the state also charge a sales tax on wholesale gas to fund transportation initiatives. The exact tax per gallon of gas therefore depends on both the gas price and the location of the gas station.

### 18. Arkansas

- > **Tax as pct. of gas price:** 11.1% (18th lowest)
- > **State fuel tax:** 21.8 cents per gallon (13th lowest)
- > **Gas price:** \$1.97 (17th lowest)

Arkansas levies fuel taxes and fees totalling just under 22 cents per gallon, on the low end when compared to most states. Gas prices in Arkansas demonstrate just how much relief Americans are getting at the pump. The price across the state recently fell below \$2 per gallon of gasoline. By comparison, just 12 months earlier, gas cost \$3.09 a gallon in Arkansas, at the time among the lowest average prices in the nation.

### 19. Wyoming

- > **Tax as pct. of gas price:** 11.2% (19th lowest)
- > **State fuel tax:** 24.0 cents per gallon (21st lowest)
- > **Gas price:** \$2.15 (20th highest)

Wyoming has no income tax and relatively low state sales taxes, in part because the state gets much of its revenue from taxes on mining and energy extraction. Yet, in 2013, the state hiked its fuel tax by 10 cents per gallon, to 24 cents, in order to better fund its transportation spending. Highway spending accounted for nearly 10% of state expenditures in 2013, among the highest shares nationwide.

#### 20. Iowa

- > **Tax as pct. of gas price:** 11.3% (20th lowest)
- > **State fuel tax:** 22.0 cents per gallon (14th lowest)
- > **Gas price:** \$1.95 (16th lowest)

Iowa is the largest producer of ethanol, a component of almost all gasoline sold in the U.S. The state's large-scale ethanol production may have helped lower the overall price of fuel. Gasoline is taxed at 22 cents per gallon, and the overall cost is less than \$2 per gallon, both among the lower rates nationwide.

#### 21. Colorado

- > **Tax as pct. of gas price:** 11.3% (21st lowest)
- > **State fuel tax:** 22.0 cents per gallon (14th lowest)
- > **Gas price:** \$1.95 (13th lowest)

Colorado charges a relatively low 22 cents in taxes per gallon of gasoline. Recently, The Denver Post's editorial board said that Colorado should raise its fuel tax, especially in the absence of a federal tax hike. The state received a nearly-failing grade from the ASCE for the quality of its roads. The state received a nearly-failing grade from the ASCE for the quality of its roads. According to the group, "Additional funding is needed to maintain and expand the roadway system."

#### 22. Massachusetts

- > **Tax as pct. of gas price:** 11.7% (22nd lowest)
- > **State fuel tax:** 26.5 cents per gallon (24th highest)
- > **Gas price:** \$2.28 (11th highest)

Massachusetts, home to some of the nation's wealthiest Americans, also had relatively high tax rates. State and local governments levied nearly \$5,000 per capita in fiscal 2011, versus a national average of \$4,320. While the state's fuel tax was roughly at the midpoint for all states, at 26.5 cents per gallon, the overall cost of gas was \$2.28 per gallon, one of the highest prices in the country.

#### 23. Utah

- > **Tax as pct. of gas price:** 12.0% (23rd lowest)
- > **State fuel tax:** 24.5 cents per gallon (23rd lowest)
- > **Gas price:** \$2.03 (24th lowest)

Utah's fuel tax rate and overall cost of gasoline, while not remarkably low, are lower than in most states. Utah also benefits from a number of refineries, all located in the Salt Lake City area, which are connected via pipeline to oil from Canada, Colorado, and Utah's own oil fields, among other states.

#### 24. Maryland

- > **Tax as pct. of gas price:** 12.1% (24th lowest)
- > **State fuel tax:** 27.4 cents per gallon (23rd highest)
- > **Gas price:** \$2.27 (13th highest)

State and local governments in Maryland levied \$5,443 in taxes per capita in fiscal 2011, the seventh highest such figure in the country, and more than \$1,000 higher than the national figure. The state's fuel tax rate, on the other hand, was slightly lower than the national rate of 29.8cents per gallon. Despite relatively low fuel taxes, gas costs drivers \$2.27 per gallon, the 13th highest figure.

#### 25. Vermont

- > **Tax as pct. of gas price:** 12.8% (25th lowest)
- > **State fuel tax:** 32.0 cents per gallon (13th highest)
- > **Gas price:** \$2.50 (5th highest)

Vermont has one of the highest gas prices in the nation at \$2.50 per gallon, or 40 cents above the U.S. average price. However, while fuel taxes are relatively high, they are likely only a minor driver of the state's high gas prices. The greater reason is probably the state's location — far from most of the nation's oil infrastructure. There are no oil refineries or pipeline terminals in the state, according to the EIA, which means gas must be imported from other states or Canada via truck or rail.

#### 26. Georgia

- > **Tax as pct. of gas price:** 12.9% (25th highest)
- > **State fuel tax:** 26.5 cents per gallon (25th highest)
- > **Gas price:** \$2.06 (23rd highest)

Georgia state and local governments collected just over than \$3,000 in taxes per capita in fiscal 2011, a lower tax burden than in most states. Still, Georgia 's fuel tax was only a few cents lower than the national average of 29.8 cents per gallon.

#### 27. Idaho

- > **Tax as pct. of gas price:** 12.9% (24th highest)
- > **State fuel tax:** 25.0 cents per gallon (24th lowest)
- > **Gas price:** \$1.94 (8th lowest)

Nearly 78% of net electricity used in Idaho came from renewable energy sources in 2013. And a portion of the state's energy comes from geothermal sources. While this could mean a greater tolerance for higher fuel prices, gas costs less than \$2 per gallon in Idaho on average, one of the lowest prices in the U.S.

#### 28. Kansas

- > **Tax as pct. of gas price:** 13.0% (23rd highest)
- > **State fuel tax:** 24.0 cents per gallon (22nd lowest)
- > **Gas price:** \$1.84 (3rd lowest)

Kansas has relatively low gas taxes, at just 24 cents per gallon, or nearly six cents below the U.S. average for state taxes and fees. The price of gas in the state is extremely low, at just \$1.84 cents per gallon, the third lowest in the nation. The presence of numerous refineries and the availability of ethanol, which is blended into gasoline, likely help keep gas prices low.

#### 29. Nebraska

- > **Tax as pct. of gas price:** 13.2% (22nd highest)
- > **State fuel tax:** 26.5 cents per gallon (25th lowest)
- > **Gas price:** \$2.01 (22nd lowest)

Like several other midwestern states, Nebraska is among the nation's top producers of ethanol, which is blended with nearly all gasoline. Although the gas tax was about average, gas prices are relatively low. Gas costs roughly \$2 per gallon, less than in a majority of states.

### 30. Hawaii

- > **Tax as pct. of gas price:** 13.2% (21st highest)
- > **State fuel tax:** 45.0 cents per gallon (4th highest)
- > **Gas price:** \$3.40 (the highest)

Hawaiians pay some of the highest gas taxes in the nation at 45 cents per gallon. Yet, Hawaii also consumes less gasoline than most states. At \$3.40 per gallon, the price of gas in the state was the highest in the country, which reflects the fact that petroleum must be shipped across the Pacific Ocean to Hawaii. This is also reflected in the state's extremely high electricity costs, as Hawaii uses oil to generate most of its electricity.

### 31. Maine

- > **Tax as pct. of gas price:** 13.4% (20th highest)
- > **State fuel tax:** 30.0 cents per gallon (17th highest)
- > **Gas price:** \$2.25 (15th highest)

As in other northeastern states, the high cost of gas in Maine is largely due to the great distance the fuel must travel to reach consumers. Drivers in the state pay \$2.25 per gallon, the 15th highest price nationwide. According to the EIA, Maine is actually extremely dependant on oil — and not just for gasoline. The majority of households in the state use petroleum-based home heating oil to stay warm in the winter.

### 32. Oregon

- > **Tax as pct. of gas price:** 13.5% (19th highest)
- > **State fuel tax:** 31.1 cents per gallon (14th highest)
- > **Gas price:** \$2.31 (10th highest)

At \$2.31 per gallon, Oregon has the 10th highest average gas price, due in large part to the relatively high state fuel tax. The high price of gas is also affected by the state's requirement that gas stations provide full-service. Oregon is one of only two states that ban self-service stations.

### 33. Kentucky

- > **Tax as pct. of gas price:** 13.6% (18th highest)
- > **State fuel tax:** 27.6 cents per gallon (22nd highest)
- > **Gas price:** \$2.04 (25th lowest)

Kentucky is hardly the most oil-dependant state; Coal accounts for the vast majority of energy both consumed and produced in Kentucky. Still, driver clearly benefit the recent drop in gas prices, paying pay an average of \$2.04 per gallon of gas, slightly lower than the national average.

### 34. Montana

- > **Tax as pct. of gas price:** 13.6% (17th highest)
- > **State fuel tax:** 27.8 cents per gallon (21st highest)
- > **Gas price:** \$2.04 (25th highest)

Montana has not raised its fuel tax in two decades. According to the ASCE, “It is estimated that \$14.8 billion is needed to take care of Montana’s roadway system and bridges, but projected funding can only meet 25% of those needs.” However, the group also adds that Montana’s highways are currently in fairly good shape.

### 35. Nevada

- > **Tax as pct. of gas price:** 14.3% (16th highest)
- > **State fuel tax:** 33.2 cents per gallon (10th highest)
- > **Gas price:** \$2.31 (9th highest)

Nevada has one of the the highest average fuel taxes in the nation. A major reason for this is that Clark County — which includes Las Vegas and is home to nearly three-quarters of Nevada’s population — hiked gas taxes twice in 2014. The county is set to adjust the fuel tax for inflation until 2016. Voters will then decide whether to continue pegging the tax to inflation.

### 36. Rhode Island

- > **Tax as pct. of gas price:** 14.6% (15th highest)
- > **State fuel tax:** 33.0 cents per gallon (11th highest)
- > **Gas price:** \$2.27 (12th highest)

Rhode Island’s fuel tax of 33 cents per gallon is the 11th highest in the nation, yet the state is one of the lowest spenders on highways, measured as a percentage of its state budget. The reason for the gap in these values could be that Rhode Island has relatively few roads. Still, the state has major infrastructure problems, including the 56% of bridge surface area in the state that was found to be deficient in December 2013, one of the highest rates in the country.

### 37. Ohio

- > **Tax as pct. of gas price:** 14.6% (14th highest)
- > **State fuel tax:** 28.0 cents per gallon (20th highest)
- > **Gas price:** \$1.92 (7th lowest)

Ohio overhauled its fuel tax in July of last year, instituting the petroleum activity tax. This tax charges suppliers 0.65% of gross receipts, or the dollar amount they receive for selling fuel. A part of the new tax, gasoline is excluded from Ohio’s commercial activities tax, which is assessed on a business’ revenues.

### 38. Minnesota

- > **Tax as pct. of gas price:** 14.8% (13th highest)
- > **State fuel tax:** 28.6 cents per gallon (19th highest)
- > **Gas price:** \$1.94 (9th lowest)

Minnesota is one of only a few states where gas cost less than \$2 per gallon. Unlike in many other states with low gas prices, however, the low price is not due to low taxes. The state’s fuel tax of 28.6 cents per gallon was one of the higher fuel taxes. Instead, the low price of gas is likely due to other factors. For example, the state is among the nation’s top producers of ethanol, which is a component of nearly all gasoline.

### 39. Illinois

- > **Tax as pct. of gas price:** 15.0% (12th highest)

- > **State fuel tax:** 30.7 cents per gallon (15th highest)
- > **Gas price:** \$2.05 (24th highest)

Illinois' average fuel tax is driven up by local charges that a number of counties levy. In Chicago, residents must pay an extra 5 cents to the city, and an extra 6 cents to Cook County. Despite paying more than the majority of Americans in taxes, residents also benefit from the state's large refining capacity and its status as an energy transportation hub.

#### 40. Indiana

- > **Tax as pct. of gas price:** 15.3% (11th highest)
- > **State fuel tax:** 29.9 cents per gallon (18th highest)
- > **Gas price:** \$1.95 (16th lowest)

As one of the nation's top manufacturing states, fuel cost and taxation are perhaps greater concerns for Indiana's industries than for private consumers. Drivers in the state pay less than \$2 per gallon, one of the lower gas prices nationwide. A number of factors may help keep gas prices down: Indiana's energy is largely derived from coal, the state is a major producer of ethanol, and BP's Whiting facility is the nation's largest inland refinery. The state tax, on the other hand, is among the higher figures.

#### 41. West Virginia

- > **Tax as pct. of gas price:** 15.3% (10th highest)
- > **State fuel tax:** 34.6 cents per gallon (9th highest)
- > **Gas price:** \$2.26 (14th highest)

West Virginians pay 34.6 cents per gallon in state taxes and fees, while the average American pays roughly 30 cents per gallon in such charges. The state's current gas tax rate actually marks a decline from past years. This is because the state calculates part of the tax based on wholesale prices, which have been declining recently.

#### 42. Michigan

- > **Tax as pct. of gas price:** 16.0% (9th highest)
- > **State fuel tax:** 30.3 cents per gallon (16th highest)
- > **Gas price:** \$1.90 (5th lowest)

Gas taxes in Michigan total 16% of what consumers pay at the pump, thanks in large part to the considerable drop in gas prices. However, the state recently passed a measure to overhaul the fuel tax structure, with the aim of increasing funding for infrastructure. Michigan voters will consider the provision as part of a package of new laws during a vote in May. According to the Detroit Free Press, "The overall hike in the pump price of regular fuel is estimated at about 7 cents a gallon, though the size of the tax would vary depending on the wholesale price of fuel."

#### 43. Washington

- > **Tax as pct. of gas price:** 16.1% (8th highest)
- > **State fuel tax:** 37.5 cents per gallon (7th highest)
- > **Gas price:** \$2.34 (8th highest)

Washingtonians pay a high yet relatively straightforward gas tax of 37.5 cents per gallon — a rate that has been in place since 2008. Washington Governor Jay Inslee has also taken a more novel approach to transportation funding, calling for a tax on polluters to help shore up funding for transportation as well as education.

#### 44. Wisconsin

- > **Tax as pct. of gas price:** 16.5% (7th highest)
- > **State fuel tax:** 32.9 cents per gallon (12th highest)
- > **Gas price:** \$1.99 (19th lowest)

Wisconsinites pay nearly 33 cents per gallon at the pump, accounting for 16.5% of the total they spend on gas. Yet, despite fuel prices having reaching extremely low levels — Wisconsin's average gas price is \$1.99 per gallon, down from \$3.27 per gallon 12 months ago — legislators have balked at the idea of raising gas taxes to improve transportation funding.

#### 45. Florida

- > **Tax as pct. of gas price:** 16.6% (6th highest)
- > **State fuel tax:** 36.4 cents per gallon (8th highest)
- > **Gas price:** \$2.20 (17th highest)

Florida's fuel taxes are among the highest in the country, although they vary considerably within the state. The state is a massive consumer of gasoline, thanks to both its large population and its appeal as a tourist destination. According to the EIA, "Nine-tenths of Florida's petroleum consumption occurs in the transportation sector" in the form of gasoline for cars and jet fuel for planes.

#### 46. North Carolina

- > **Tax as pct. of gas price:** 17.2% (5th highest)
- > **State fuel tax:** 37.8 cents per gallon (6th highest)
- > **Gas price:** \$2.19 (19th highest)

North Carolina charges nearly 38 cents in taxes and fees per gallon of gasoline. The state also moved relatively quickly to hike the fixed portion of its gas tax by 1 cent by at the start of 2015. Yet, with gas prices expected to stay low, and part of the state's tax pegged to wholesale prices on a lag, the state's fuel tax could fall significantly in the coming months.

#### 47. New York

- > **Tax as pct. of gas price:** 17.4% (2nd highest)
- > **State fuel tax:** 45.1 cents per gallon (3rd highest)
- > **Gas price:** \$2.59 (3rd highest)

New York charges more than 45 cents per gallon in taxes, among the highest tax rates in the country. Yet, although the state's taxes are extremely high, they are likely needed. As of 2013, more than 60% of bridge area in the state was deficient, the highest rate in the United States. Critics of the state's tax policy, however, could point to New York's extremely high state and local tax burden, which was the highest in the country as of fiscal 2011, at 12.6% of per capita income.

#### 48. California

- > **Tax as pct. of gas price:** 17.7% (4th highest)
- > **State fuel tax:** 45.4 cents per gallon (4th highest)
- > **Gas price:** \$2.57 (4th highest)

California's gas taxes are among the highest in the nation, with the state charging 45.4 cents for every gallon purchased. However, such high fees may well be justified as more than 29 billion vehicle miles were driven on California roads last October alone, the most of any state. Additionally, more than 36% of the state's bridge surface area was either structurally deficient or functionally obsolete as of 2013,

more than in all but a few states. In all, California taxed nearly 10 billion gallons of gas in the first eight months of 2014, well more than any other state.

#### 49. Connecticut

- > **Tax as pct. of gas price:** 17.7% (3rd highest)
- > **State fuel tax:** 43.2 cents per gallon (5th highest)
- > **Gas price:** \$2.44 (6th highest)

Connecticut charges 47.4 cents in total taxes and fees for every gallon of gas, more than all but two other states. Yet, the state's gas taxes have been on the decline, as a portion of the taxes is based on gasoline prices. Currently, a gallon of gas costs \$2.44 in Connecticut, among the highest gas prices in the United States, although far below the year ago price of \$3.69 per gallon.

#### 50. Pennsylvania

- > **Tax as pct. of gas price:** 21.3% (the highest)
- > **State fuel tax:** 50.5 cents per gallon (the highest)
- > **Gas price:** \$2.38 (7th highest)

Pennsylvania has the nation's highest fuel taxes, at 50.5 cents per gallon. This is due to the state's relatively new gas tax, passed in 2013. The new tax is charged on fuel transactions and is based on the wholesale price of gas — although the reference price used is locked in for roughly another two years and then becomes subject to an even higher minimum. The tax is designed to raise money for construction and necessary repairs for bridges and roads throughout the state.

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