



Transportation Finance Issues

What is the history of the state gas tax and passenger vehicle registration fees?

Wisconsin's gas tax background

The largest source of revenue for the Transportation Fund is the state gas tax. There is little natural growth in state gas tax revenue. The flat "per gallon" rate does not change, even when the price of gasoline rises.

The Legislature created an annual indexing adjustment beginning in 1985. Indexing originally called for the state gas tax to be adjusted annually on April 1 based on inflation and overall fuel consumption.

- In 1997, the Legislature removed the consumption factor, and based the adjustment on changes in the Consumer Price Index.
- Sometimes indexing resulted in an adjustment downward, which led to a reduction in the state gas tax. This occurred in 1989 and 1994.
- In 2005, the Legislature eliminated the annual indexing adjustment with the last adjustment made April 2, 2006.

Impacts on gas prices at the pump

The price of gasoline results largely from the forces of supply and demand for petroleum products worldwide, crude oil prices and refinery capabilities.

Dramatic price swings in the cost of gasoline are almost always due to world, national and market events that influence supply and demand, and in turn, price.

Small changes in state tax rates on gasoline do not influence the basic supply and demand curves that establish the price of gasoline at the pump in Wisconsin and throughout the nation.

What is PECFA?

The Petroleum Environmental Cleanup Fund Act (PECFA) responds to federal regulations requiring the cleanup of contamination from underground petroleum tanks. Funding for a portion of cleanup activities is provided through the two cents per gallon PECFA fee.

History of indexing and statutory adjustments*

1985	16.5	Index adjustment
1986	17.5	Index adjustment
1987	18.0	Index adjustment
1987 (Aug. 1)	20.0	Statutory
1988	20.9	Index adjustment
1989	20.8	Index adjustment
1990	21.5	Index adjustment
1991	22.2	Index adjustment
1992	22.2	Indexing suspended
1993	23.2	Index adjustment
1994	23.1	Index adjustment
1995	23.4	Index adjustment
1996	23.7	Index adjustment
1997	23.8	Index adjustment
1997 (Nov. 1)	24.8	Statutory
1998	25.4	Index adjustment
1999	25.8	Index adjustment
2000	26.4	Index adjustment
2001	27.3	Index adjustment
2002	28.1	Index adjustment
2003	28.5	Index adjustment
2004	29.1	Index adjustment
2005	29.9	Index adjustment
2006	30.9	Index adjustment

History of passenger vehicle registration fees

1981	\$25
1991	\$40
1997	\$45
2003	\$55
2008	\$75

*State motor fuel rates in cents without PECFA fee add-on.