



Rhode Island Department of Revenue

Division of Taxation

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Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
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Bi-annual application of consumer price index to Rhode Island Motor Fuel Tax *Statutory formula determines future tax rate using inflation*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation has applied a statutory formula to determine the Rhode Island Motor Fuel Tax rate that will be in effect as of July 1, 2023. The Division is providing information regarding this most recent adjustment in advance of the July 1, 2023 effective date to allow stakeholders to take the necessary steps to accommodate the new rate.

Pursuant to state law, every other year, the Division of Taxation must take the measure of inflation and use the number to adjust the Motor Fuel Tax for the following July.

Accordingly, the Division this year has recorded the percentage of increase in inflation as of September 30, 2022 and has determined what the Motor Fuel Tax shall be effective July 1, 2023. The tax, commonly known as the gasoline tax or “gas tax”, is currently 34 cents a gallon. Based on the Division’s calculation, as required by statute, the tax will increase to 37 cents per gallon, effective July 1, 2023.

Formula is applied once every two years

The tax is set forth in Rhode Island General Laws § 31-36-7 (“Monthly report of distributors – Payment of tax”). Legislation enacted on June 19, 2014, amended that statute by requiring that the tax be adjusted every two years based on inflation.

Specifically, the statute as amended requires that, beginning July 1, 2015, and every other year thereafter, the Motor Fuel Tax must be adjusted by the percentage of increase, if any, in the consumer price index for all urban consumers (CPI-U), as published by the U.S. Bureau of Labor Statistics, determined as of September 30 of the prior calendar year. The adjustment must be rounded to the nearest one-cent increment.

By statute, there is a time lag between when the measure of inflation is taken and when the adjusted Motor Fuel Tax rate takes effect. In this instance, inflation was measured by the Division as of September 2022. The effect of the Division’s calculation will not apply until several months following that measure, on July 1, 2023.

Rhode Island Motor Fuel Tax – inflation adjustment		
EFFECTIVE DATE	CHANGE	TAX PER GALLON
July 1, 2023	3-cent increase	37 cents
July 1, 2021	no change	34 cents
July 1, 2019	1-cent increase	34 cents
July 1, 2017	no change	33 cents
July 1, 2015	1-cent increase	33 cents

By law, inflation formula is applied once every two years.
First application of formula, for July 1, 2015, resulted in 1-cent-per-gallon increase, to 33 cents per gallon. Second application, for July 1, 2017, resulted in no change. Third application, for July 1, 2019, resulted in a 1-cent-per-gallon increase, to 34 cents. Fourth application, for July 1, 2021, resulted in no change. Fifth application, for July 1, 2023, resulted in a 3-cent-per-gallon increase, to 37 cents.

The Division of Taxation has determined that, based on an 8.2% increase in inflation as measured by the CPI-U for the applicable period ended September 30, 2022, the tax before the application of rounding will be 36.7880 cents a gallon, and the tax after the application of rounding will increase to 37 cents per gallon, effective July 1, 2023. (The rounding procedure is prescribed by statute.)

Current overall Motor Fuel Tax in Rhode Island (in cents)	
State excise tax	34.00
State environmental fee	1.00
Federal excise tax	18.40
Total federal and Rhode Island gas tax	53.40
<small>Source: American Petroleum Institute, as of October 2022.</small>	

Overall Motor Fuel Tax in Rhode Island (in cents) as of July 1, 2023	
State excise tax	37.00
State environmental fee	1.00
Federal excise tax	18.40
Total federal and Rhode Island gas tax	56.40
<small>Source: American Petroleum Institute, as of October 2022.</small>	

The biennial inflation adjustment for Motor Fuel will apply only to the 37-cent Rhode Island excise tax; it does not apply to the Rhode Island environmental protection regulatory fee, or to the federal excise tax (see table above).

The Motor Fuel Tax applies to diesel and other taxable motor fuels that meet the definition of “fuels” under Rhode Island General Laws § 31-36-1(4).

The biennial inflation adjustment was enacted through Rhode Island Public Law 2014, chapter 145, article 21, § 4, and is codified at Rhode Island General Laws § 31-36-7(b). The next measure of inflation for Rhode Island Motor Fuel Tax purposes will be based on the inflation as of the fall of 2024 and will apply for purposes of the Motor Fuel Tax beginning July 1, 2025.

For questions about motor fuel taxes, contact the Division of Taxation’s Excise Tax Section by email at Tax.Excise@tax.ri.gov, or by phone at (401) 574-8955 between 8:30 a.m. and 3:30 p.m. business days.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.
