



# 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, 2025. The Division is providing information regarding this most recent adjustment in advance of the July 1, 2025 effective date to allow stakeholders to take the necessary steps to accommodate the new rate.

Pursuant to state law, the Division of Taxation must take the measure of inflation and use the number to adjust the Motor Fuel Tax, every second year. The adjustment goes into effect the following July.

Accordingly, the Division has recorded the percentage of increase in inflation as of September 30, 2024 and has determined what the Motor Fuel Tax will be effective July 1, 2025. The tax, commonly known as the gasoline tax or “gas tax”, is currently 37 cents per gallon. As required by statute, the Division has calculated that the tax will increase to 38 cents per gallon, effective July 1, 2025.

### **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 2024. The effect of the Division’s calculation will not apply until several months following that measure, on July 1, 2025.

<b>Rhode Island Motor Fuel Tax – inflation adjustment</b>		
<b>EFFECTIVE DATE</b>	<b>CHANGE</b>	<b>TAX PER GALLON</b>
<b>July 1, 2025</b>	1-cent increase	38 cents
<b>July 1, 2023</b>	3-cent increase	37 cents
<b>July 1, 2021</b>	no change	34 cents
<b>July 1, 2019</b>	1-cent increase	34 cents
<b>July 1, 2017</b>	no change	33 cents
<b>July 1, 2015</b>	1-cent increase	33 cents

By law, inflation formula is applied once every two years.

The Division of Taxation has determined that, based on an 2.40% increase in inflation as measured by the CPI-U for the applicable period, ending September 30, 2024,<sup>1</sup> the tax before the application of rounding will be 37.8880 cents per gallon, and the tax after the application of rounding will increase to 38 cents per gallon, effective July 1, 2025.<sup>2</sup>

<b>Current overall Motor Fuel Tax in Rhode Island (in cents)</b>	
<b>State excise tax</b>	37.00
<b>State environmental fee</b>	1.00
<b>Federal excise tax</b>	18.40
<b>Total federal and Rhode Island gas tax</b>	56.40
Source: American Petroleum Institute, as of October 2024.	

<b>Overall Motor Fuel Tax in Rhode Island (in cents) effective July 1, 2025</b>	
<b>State excise tax</b>	38.00
<b>State environmental fee</b>	1.00
<b>Federal excise tax</b>	18.40
<b>Total federal and Rhode Island gas tax</b>	57.40
Source: American Petroleum Institute, as of October 2024.	

The biennial inflation adjustment will apply only to the 38-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 2026 and will apply for purposes of the Motor Fuel Tax beginning July 1, 2027.

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

<sup>1</sup> The measurement for this period is reported in early October.

<sup>2</sup> The rounding procedure is prescribed by statute.

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*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>.*

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