Rhode Island Department of Revenue
Division of Taxation

ADV 2017-15
GASOLINE TAX

ADVISORY FOR TAX PROFESSIONALS
MAY 3, 2017

No inflation-adjusted increase for Rhode Island gasoline tax on July 1
Statutory formula, which takes inflation into account, shows no increase required

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today announced that no new inflation-adjusted increase will apply to the Rhode Island gasoline tax on July 1, 2017. As a result, the tax will remain unchanged as of that date.¹

The excise tax, commonly known as the “gas tax,” is currently 33 cents a gallon. Based on Division of Taxation calculations that take inflation into account as required by statute, the tax will not increase on July 1, 2017.

The tax is set forth in Rhode Island General Laws § 31-36-7. 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 gasoline 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.

The Division of Taxation has determined that, based on inflation as measured by the CPI-U for the applicable period, the tax before rounding is applied is 33 cents a gallon, and the tax after rounding is applied is 33 cents a gallon, effective July 1, 2017.

- The biennial inflation adjustment (if any) for gasoline applies only to the 33-cent Rhode Island excise tax; it does not apply to the 1-cent Rhode Island environmental protection regulatory fee, or to the 18.4-cent federal excise tax. (The overall tax on a gallon of gasoline in Rhode Island is 52.40 cents, according to American Petroleum Institute data as of April 2017.)

- The one-cent increase in the gas tax which took effect July 1, 2015, also applied 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, ch. 145, art. 21, § 4, and is codified at Rhode Island General Laws § 31-36-7(b). The next inflation adjustment is for the period beginning July 1, 2019.

¹ Assumes no federal or Rhode Island legislative change in the interim.