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Gasoline tax to be adjusted to reflect inflation
New tax rate to increase one cent; will apply on and after July 1

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today announced that the Rhode Island gasoline tax will be adjusted on July 1, 2015, to reflect inflation.

The tax, commonly known as the “gas tax,” is currently 32 cents a gallon. Based on Division of Taxation calculations that take inflation into account as required by statute, the tax will increase by one cent, to 33 cents per gallon, effective July 1, 2015.

The tax is set by statute. 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 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, due to inflation as measured by the CPI-U for the applicable period, the tax before rounding would be set at 32.52 cents a gallon. When rounding is applied as prescribed by statute, the tax will be set at 33 cents a gallon, effective July 1, 2015. (This represents an increase of 3.125 percent.)

- The mandatory inflation adjustment for gasoline applies only to the 32-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 51.40 cents, according to American Petroleum Institute figures as of April 1, 2015.)
- The one-cent increase in the gas tax that takes effect July 1, 2015, also applies to diesel and other taxable motor fuels that meet the definition of “fuels” under Rhode Island General Laws (RIGL) § 31-36-1(4).
- The mandatory inflation adjustment was enacted through Rhode Island Public Law 2014, ch. 145, art. 21, § 4, and is codified at RIGL § 31-36-7(b). The next inflation adjustment is scheduled for July 2017.

Contact:
Neil Downing
Chief Revenue Agent
Rhode Island Division of Taxation
Neil.Downing@tax.ri.gov
(401) 574-8115