Gasoline Tax

SECTION 1: PURPOSE

Once every two years, the Rhode Island Division of Taxation is required by statute to determine whether inflation has been sufficient to increase the gasoline tax. The Division of Taxation hereby provides advance notification that there has been sufficient inflation to result in an increase in the gasoline tax as of July 1, 2019. Therefore, based on statutory formula, the gasoline tax will be 34 cents per gallon as of July 1, 2019, compared with 33 cents per gallon today, an increase of one cent.

SECTION 2: DESCRIPTION

Legislation enacted on June 19, 2014, amended Rhode Island General Laws by requiring that the gasoline tax be adjusted every two years based on inflation.1 Specifically, the statute as amended requires that, beginning July 1, 2015, and every other year thereafter, the gasoline tax 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 and 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 gas tax rate takes effect. In this instance, inflation was measured by the Division in the fall of 2018. The one-cent increase in the gas tax will take effect July 1, 2019.2

The Division has determined that, based on a 2.3% increase in inflation as measured by the CPI-U for the applicable period ended September 30, 2018, the tax before the application of rounding is 33.76 cents a gallon, so the tax after the application of rounding shall be 34 cents per gallon, effective July 1, 2019. (The rounding procedure is prescribed by statute.) The biennial inflation adjustment for gasoline will apply only to the 33-cent Rhode Island excise tax; it will not apply to the 1-cent Rhode Island environmental protection regulatory fee, or to the 18.4-cent federal excise tax. The one-cent gas-tax increase shall apply to diesel and other taxable motor fuels that meet the definition of “fuels” under Rhode Island General Laws § 31-36-1(4).

SECTION 3: CITATION

Rhode Island General Laws § 31-36-7.

SECTION 4: CONTACT PERSON

For questions about this notice, contact the Rhode Island Division of Taxation’s Excise & Estate Tax unit by telephone at (401) 574-8955 between 8:30 a.m. and 3:30 p.m. business days, by email using the following address: Tax.Excise@tax.ri.gov, or by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908.

1 Rhode Island Public Law 2014, ch. 145, art. 21, § 4, codified at Rhode Island General Laws § 31-36-7.
2 See also Division of Taxation Advisory 2018-46, posted December 27, 2018.