

**FEDERAL TAX RATES ON MOTOR FUELS AND LUBRICATING OIL 1/
AND LUBRICATING OIL 1/**

OCTOBER 1997

(CENTS PER GALLON)

TABLE FE-101A

EFFECTIVE DATE OF NEW TAX OR REVISION OF EXISTING TAX	GASOLINE (CENTS PER GALLON) 2/	GASOHOL (CENTS PER GALLON)	DIESEL FUEL (CENTS PER GALLON) 3/	SPECIAL FUEL (CENTS PER GALLON) 4/	LUBRICATING OIL (CENTS PER GALLON) 5/
June 21, 1932	1¢	(6/)	↓	↓	4¢
June 17, 1933	1.5¢	↓	↓	↓	↓
January 1, 1934	1¢	↓	↓	↓	↓
July 1, 1940	1.5¢	↓	↓	↓	4.5¢
November 1, 1942	↓	↓	↓	↓	6¢
November 1, 1951	2¢	↓	2¢	2¢	↓
September 1, 1955	↓	↓	↓	↓	Cutting oil, 3¢; other, 6¢
July 1, 1956	3¢	↓	3¢	3¢	↓
October 1, 1959	4¢	↓	4¢	4¢	↓
January 1, 1966	↓	↓	↓	↓	6¢ 7/
November 10, 1978	4¢ 8/	↓	4¢ 8/	4¢ 8/	6¢ 8/
January 1, 1979	4¢ 8/ 9/	(6/)	↓	4¢ 8/ 9/	6¢ 8/ 9/
January 7, 1983	↓	↓	↓	↓	Repealed
April 1, 1983	9¢ 8/ 10/	4¢	9¢ 8/ 10/	4¢ 8/ 9/	↓
August 1, 1984	↓	↓	15¢ 8/ 10/ 11/	↓	↓
January 1, 1985	↓	3¢	↓	↓	↓
January 1, 1987	9.1¢ 8/ 10/ 12/	3.1¢ 12/	15.1¢ 8/ 10/ 11/ 12/	↓	↓
December 1, 1990	14.1¢ 8/ 10/ 12/ 13/	8.7 & 8.1¢ 12/ 13/ 14/	20.1¢ 8/ 10/ 11/ 12/ 13/	14¢ 4/ 8/ 13/	↓
January 1, 1993	↓	8.7 & 8.1¢ 12/ 13/ 14/	↓	↓	↓
October 1, 1993 16/	18.4¢ 8/ 10/ 12/ 15/	13 & 12.4¢ 12/ 14/ 15/	24.4¢ 8/ 10/ 11/ 12/ 15/	18.3¢ 4/ 8/ 15/	↓
January 1, 1996	18.3¢ 8/ 10/ 15/	12.9¢ 14/ 15/	24.3¢ 8/ 10/ 15/	18.3¢ 4/ 8/ 15/	↓
October 1, 1997	18.4¢ 12/ 17/	13.0¢ 12/	24.4¢ 12/	13.6¢ 4/ 18/	↓
Scheduled change under existing laws	Termination Oct. 1, 1999	Termination Oct. 1, 1999	Termination Oct. 1, 1999	Termination Oct. 1, 1999	↓ ↓ ↓

1/ The focus of this table is on the Federal taxes on motor fuels used on highways. The detail provided for other uses is incomplete. Most of the revenue raised by the taxes described is dedicated to the Federal Highway Trust Fund for the financing of highway and transit programs.

2/ Includes the product commonly or commercially known or sold as gasoline and suitable for use as a motor fuel with an octane level of at least 75. The gasoline tax applies to all fuel volume imported or produced. Gasoline used by State and local governments and nonprofit educational institutions is not taxed or tax is refunded if paid.

3/ Until April 1, 1983, the tax applies to all diesel fuel used in a highway vehicle registered for highway use. Diesel fuel used for farming is not taxed, or if the tax has been paid, it is fully refundable. Diesel fuel used by State and local governments and nonprofit educational institutions is not taxed or tax is refunded if paid.

4/ Special fuels include liquefied petroleum gases (propane, butane), benzol, benzene, and naphtha and other liquid (except gasoline, gasohol, and diesel fuel otherwise taxable, kerosene, gas oil or fuel oil) when used in a taxable way. The rates shown are for propane, the most commonly used special fuel. Through March 31, 1983, the tax applies to all special fuels used in a highway vehicle registered for highway use. Effective April 1, 1983, the tax applies to special fuel used in a motor vehicle or motorboat. Special fuels used for farming is not taxed, or if the tax has been paid, it is fully refundable. Special fuel used by State and local governments and nonprofit educational institutions is not taxed or tax is refunded if paid.

5/ The tax originally applied to all lubricating oil regardless of use.

6/ Gasohol was not defined in Federal tax law until January 1, 1979. The products later defined as gasohol were taxable, to the extent they existed, under the provisions of the gasoline tax. Effective January 1, 1979, gasohol was defined to be a blend of gasoline and at least 10 percent (by volume) alcohol, excluding alcohol made from petroleum, natural gas or coal. As so defined, gasohol is exempt from taxation from January 1, 1979 through March 31, 1983.

7/ Cutting oil is exempt from stated taxes. The entire tax on other lubricating oil became refundable for nonhighway use.

8/ Effective December 1, 1978, school buses along with intercity and local buses used to transport the general public for compensation on scheduled routes (or 20 or more passenger buses on nonscheduled routes) are exempt from the stated taxes for motor fuel and lubricating oil. Effective August 1, 1984, the exemption for diesel and special fuel used by these buses is 3 cents per gallon less than the prevailing rate unless used by qualified local buses which are fully exempt.

9/ Effective January 1, 1979 through March 31, 1983, the 2-cent refund or credit for nonhighway gasoline use is permitted only for off-highway business use; special fuel is taxed at the full rate except tax is 2 cents for off-highway business use, and the tax on lubricating oil is refundable only for off-highway use. Effective January 1, 1979 through December 31, 1982 the tax paid on motor fuel used in certain taxicabs is fully refundable.

10/ The diesel fuel tax is imposed on any liquid suitable for use as a fuel in a diesel-powered vehicle or train. Off-highway business use is exempt from stated taxes. Effective January 1, 1983 through September 30, 1988, a 4-cent refund can be claimed for certain taxicab use.

11/ After January 1, 1985 and before August 21, 1996, a one-time diesel differential payment is made to the original purchaser of a diesel automobile of \$102, and of a diesel truck or van, 10,000 pounds gross weight or less, \$198. The payment decreases by one-sixth for each prior model year vehicle and is not made for 1978 or earlier model year vehicles.

12/ Includes 0.1 cent per gallon tax for the Leaking Underground Storage Tank Trust Fund effective January 1, 1987. Collection of the tax was suspended for the period September 1 through December 1, 1990, and expired January 1, 1996. The fund is reinstated on October 1, 1997, and will expire on March 31, 2005.

13/ Includes 2.5 cents per gallon tax for deficit reduction.

14/ Where two rates are shown, the first is for ethanol blends and second is for methanol blends. Effective January 1, 1993, the definition of gasohol is expanded. The original definition is retained and called 10 percent gasohol and continues to be taxed at the rates shown. Blends with at least 7.7 percent alcohol but less than 10 percent are taxed at 9.942 cents and 9.48 cents. Blends with at least 5.7 percent alcohol but less than 7.7 percent are taxed at 11.022 cents and 10.68 cents. Effective October 1, 1993, the rates for 7.7 percent gasohol are 14.242 cents and 13.78 cents respectively for ethanol blends and methanol blends; the rates for 5.7 percent gasohol are 15.322 cents and 14.98 cents. Effective January 1, 1996, the rates for 7.7 percent gasohol are 14.142 and 13.68 cents respectively for ethanol and methanol blends; the rates for 5.7 percent gasohol are 15.222 and 14.88 cents.

15/ Includes 6.8 cents per gallon for deficit reduction. Effective October 1, 1995, 2.5 cents of the 6.8 cents is dedicated to the Federal Highway Trust Fund.

16/ Until October 1, 1993, compressed natural gas is not taxed. Thereafter it is taxed at 48.54 cents per thousand cubic feet for deficit reduction.

17/ Proceeds of the 4.3 cents-per-gallon tax on highway motor fuel formerly deposited in the General Fund for deficit reduction are now deposited in the Highway Trust fund, effective October 1, 1997.

18/ Several alternative fuels are taxed at reduced rates effective October 1, 1997. Liquefied petroleum gases will be taxed at 13.6 cents-per-gallon, liquefied natural gas will be taxed a 11.9 cents-per-gallon, M85 (85 percent methanol and 15 percent gasoline) will be taxed at 9.25 cents-per-gallon.