

FEDERAL HIGHWAY-USER FEES 1/

NOVEMBER 2003

TABLE FE-21B

| USER FEE | TAX RATE | DISTRIBUTION OF TAX | | | | |
|--|--|---------------------|--------------------|----------------------|--|--------------|
| | | EFFECTIVE DATE | HIGHWAY TRUST FUND | | LEAKING UNDER-GROUND STORAGE TANK TRUST FUND | GENERAL FUND |
| | | | HIGHWAY ACCOUNT | MASS TRANSIT ACCOUNT | | |
| Fuel Taxes (Cents per Gallon) | | | | | | |
| Gasoline | 18.3 | 01/01/96 | 12 | 2 | - | 4.3 |
| | 18.4 | 10/01/97 | 15.44 | 2.86 | 0.1 | - |
| Diesel and Kerosene fuel | 24.3 | 01/01/96 | 18 | 2 | - | 4.3 |
| | 24.4 | 10/01/97 | 21.44 | 2.86 | 0.1 | - |
| Special fuels 2/ 3/ | 18.3 | 01/01/96 | 12 | 2 | - | 4.3 |
| Liquefied Petroleum Gas | 13.6 | 10/01/97 | 11.47 | 2.13 | - | - |
| Liquefied Natural Gas | 11.9 | 10/01/97 | 10.04 | 1.86 | - | - |
| Other Special Fuels | 18.4 | 10/01/97 | 15.44 | 2.86 | 0.1 | - |
| Neat alcohol (85% alcohol) 3/ 4/ | 9.25 | 10/01/97 | 7.72 | 1.43 | 0.1 | - |
| Compressed natural gas 5/ | 4.3 | 10/01/93 | - | - | - | 4.3 |
| | 4.3 | 10/01/97 | 3.44 | 0.86 | - | - |
| Gasohol 6/ | | | | | | |
| 10 percent gasohol made with Ethanol | 13 | 10/01/97 | 6.94 | 2.86 | 0.1 | 3.1 |
| | 13.1 | 01/01/01 | 7.64 | 2.86 | 0.1 | 2.5 |
| | 13.2 | 01/01/03 | 7.74 | 2.86 | 0.1 | 2.5 |
| 7.7 percent gasohol made with Ethanol | 14.242 | 10/01/97 | 8.782 | 2.86 | 0.1 | 2.5 |
| | 14.319 | 01/01/01 | 8.859 | 2.86 | 0.1 | 2.5 |
| | 14.396 | 01/01/03 | 8.936 | 2.86 | 0.1 | 2.5 |
| 5.7 percent gasohol made with Ethanol | 15.322 | 10/01/97 | 9.862 | 2.86 | 0.1 | 2.5 |
| | 15.379 | 01/01/01 | 9.919 | 2.86 | 0.1 | 2.5 |
| | 15.436 | 01/01/03 | 9.976 | 2.86 | 0.1 | 2.5 |
| Other Taxes - All Proceeds to Highway Account | | | | | | |
| Tires | 0-40 pounds, no tax Over 40-70 pounds, 15 cents per pound in excess of 40 Over 70-90 pounds, \$4.50 plus 30 cents per pound in excess of 70 Over 90 pounds, \$10.50 plus 50 cents per pound in excess of 90 | | | | | |
| Truck and trailer sales 7/ | 12 percent of retailer's sales price for tractors and trucks over 33,000 pounds gross vehicle weight (GVW) and trailers over 26,000 pounds GVW | | | | | |
| Heavy vehicle use | Annual tax: Trucks 55,000-75,000 pounds GVW, \$100 plus \$22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds Trucks over 75,000 pounds GVW, \$550 | | | | | |

1/ Source: Office of Highway Policy Information, Federal Highway Administration.

2/ Special fuels include benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or other liquid used fuel in a motor vehicle except diesel, kerosene, gas oil, fuel oil, or a product taxable under the gasoline tax provisions. Prior to October 1, 1997, most special fuels were taxed at a single rate. Exceptions were LPG, which was not subject to the LUST tax, and neat alcohols, which are taxed at various rates depending on type and source of alcohol. Beginning October 1, 1997, LPG and LNG are taxed based on their energy content relative to gasoline. Other special fuels, with the exception of neat alcohols, are taxed at the basic special fuels rate.

3/ Neat alcohol made with alcohol derived from petroleum products (M85) is taxed as a special fuel.

4/ In 1996, only \$166,000 was collected by Internal Revenue Service for taxes on neat alcohol and some other miscellaneous sources. There is no accurate way to distribute miscellaneous taxes to specific funds or accounts.

5/ Compressed natural gas is taxed 48.54 cents per thousand cubic feet (MCF), with the Mass Transit Account receiving 9.7 cents per MCF and the Highway Account receiving 38.83 cents per MCF. Roughly converting these amounts to cents per gallon results in the entries in the table above.

6/ Section 1920 of the Energy Policy Act of 1992 expanded the definition of gasohol effective January 1, 1993. Prior to the Act, gasohol was defined as a blend of gasoline and at least 10 percent fuel alcohol (by volume), and blends containing less than 10 percent alcohol were taxed as gasoline. Under the Act, the product now called 10 percent gasohol corresponds to the old definition. Two additional types of gasohol are also defined. The term 7.7 percent gasohol includes gasoline-alcohol blends where the alcohol content is at least 7.7 percent but less than 10 percent. The term 5.7 percent gasohol includes gasoline-alcohol blends where the alcohol content is at least 5.7 percent but less than 7.7 percent.

7/ Section 1401 of the Taxpayer Relief Act of 1997 replaced a mechanism by which the fair market value of tires exceeding 40 pounds was deducted from the fair market value of a truck and replaced it with a credit for the excise tax paid. This provision was effective January 1, 1998.