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**64th Montana Legislature**

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TO: Revenue and Transportation Interim Committee  
FROM: Megan Moore, Research Analyst  
RE: Fuel Tax Paid For An Average Vehicle and Driver  
DATE: February 1, 2016

This memorandum provides information for the study of the Highway State Special Revenue Account study on the amount of fuel tax paid on a typical vehicle and driver. The analysis includes both Montana and federal fuel taxes. Two different calculation methods are provided that result in fairly close estimates of the annual fuel tax bill.

Gallons of Fuel Per Vehicles Calculation

The table below shows the gallons of fuel sold in Montana per vehicle registered in the state. That figure is then multiplied by the 27 cents per gallon fuel tax plus the 0.75 cents per gallon petroleum storage tank cleanup fee.<sup>1</sup> The resulting figure, \$178.43, is an estimate of the Montana fuel tax paid for a typical vehicle. The table also shows the federal fuel tax paid, resulting in a total annual estimated fuel tax of \$296.74.

Gallons of fuel per vehicles <sup>2</sup>	643
Montana fuel tax + tank cleanup fee: 27.75 cents/gallon	\$178.43
Federal fuel tax: 18.4 cents/gallon	\$118.31
Average vehicle total	\$296.74

The above calculation is somewhat imperfect because some of the fuel sold in the state is sold to drivers of vehicles registered in another state. The figure for gallons of fuel per vehicles also likely

<sup>1</sup>The petroleum storage tank cleanup fee is deposited in a state special revenue fund and used to reimburse eligible costs caused by a release from a petroleum storage tank. [Title 75, chapter 11, part 3](#), MCA.

<sup>2</sup>"Population, Drivers, Vehicles, Fuel and Travel by State," State & Urbanized Area Statistics, Federal Highway Administration, available from <https://www.fhwa.dot.gov/ohim/onh00/onh2p11.htm>, accessed Jan. 29, 2016. This table does not indicate the year of data collection but other highway statistics appearing on the website are from 2011.

includes special fuel, such as diesel, which Montana taxes at 28.5 cents per gallon<sup>3</sup> and the federal government taxes at 24.4 cents per gallon.

#### Vehicle Miles Per Licensed Driver Calculation

Another method of estimating the average fuel tax paid per driver is to use the vehicle miles traveled per licensed driver, which is 14,556 in the most recent federal highway data.<sup>4</sup> The next step is to divide the number of miles driven by the miles per gallon and multiply the result by the gas tax.

Determining an average miles-per-gallon figure is difficult because of the mix of vehicle ages and makes and models. A recent paper on perceptions of gasoline taxes puts the national average at 21.5 miles per gallon for existing vehicles.<sup>5</sup> The resulting calculation estimates an annual Montana fuel tax cost of \$187.87 and a total annual cost of \$312.44.

Vehicle miles traveled per licensed driver	14,556
Average miles per gallon for existing vehicles	21.5
Average gallons of fuel purchased per driver	677
Montana fuel tax + tank cleanup fee: 27.75 cents/gallon	\$187.87
Federal fuel tax: 18.4 cents/gallon	\$124.57
Average driver total	\$312.44

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<sup>3</sup>The special fuel tax is 27.75 cents per gallon and special fuel is also subject to the 0.75 cent per gallon petroleum storage tank cleanup fee.

<sup>4</sup>"Population, Drivers, Vehicles, Fuel and Travel by State," State & Urbanized Area Statistics, Federal Highway Administration, available from <https://www.fhwa.dot.gov/ohim/onh00/onh2p11.htm>, accessed Jan. 29, 2016. This table does not indicate the year of data collection but other highway statistics appearing on the website are from 2011.

<sup>5</sup>Ronald C. Fisher and Robert W. Wassmer, "Perceptions of Gasolines Taxes," *State Tax Notes*, July 13, 2015, p. 183.