

# Sources of State Road Funding

## How does Iowa Compare?

### Introduction:

States use a wide variety of methods to raise money for their roads and highways. In many states, including Iowa, vehicle (automobile and truck) registration fees and fuel taxes are the major sources of funds; however, some states rely heavily on other taxes, bonds, and tolls.

### Funding Roads:

On average, states raise 38% of their road funds from fuel taxes and 22% from vehicle registration fees. Bonds make up 18% and the remaining 22% comes from other taxes and tolls.

Dependence on fuel taxes range from a low of 5% in Georgia to a high of 69% in Arkansas. Dependence on vehicle registration fees range from a low of 3% in Georgia to a high of 55% in Kentucky. Thirty-seven percent of Iowa's road funds come from fuel taxes (30<sup>th</sup> highest among states), 34% from vehicle registration fees (10<sup>th</sup> highest), and 29% from the general fund and imposts.

**Figure 1** displays the percentage of taxes and fees that each state uses to fund its roads.

**Figure 1: Funding Roads**

States	%Vehicle Tax	%Fuel Taxes	%General Fund	%Bonds	%Other Imposts/Misc.*	%Toll Taxes
Alabama	23.4%	58.4%	17.4%	0.0%	0.9%	0.0%
Alaska	16.1%	14.5%	46.2%	0.0%	13.0%	10.2%
Arizona	15.3%	30.3%	0.0%	23.3%	31.0%	0.0%
Arkansas	20.8%	69.1%	4.6%	0.0%	5.5%	0.0%
California	30.6%	53.3%	0.0%	10.5%	3.8%	1.7%
Colorado	39.4%	30.9%	1.3%	27.0%	1.5%	0.0%
Connecticut	14.9%	27.1%	3.3%	44.9%	9.8%	0.0%
Delaware	18.3%	20.1%	16.7%	10.2%	5.2%	29.4%
D.C.	40.3%	12.0%	30.7%	0.0%	17.0%	0.0%
Florida	16.5%	37.7%	0.6%	19.9%	6.4%	18.8%
Georgia	3.3%	5.3%	38.4%	28.0%	23.6%	1.4%
Hawaii	44.8%	32.8%	10.0%	4.5%	7.9%	0.0%
Idaho	39.0%	60.0%	0.0%	0.0%	1.1%	0.0%
Illinois	33.6%	35.7%	0.4%	17.1%	0.6%	12.5%
Indiana	11.5%	43.2%	0.3%	39.2%	0.6%	5.2%
<b>IOWA</b>	<b>33.8%</b>	<b>36.7%</b>	<b>6.7%</b>	<b>0.0%</b>	<b>22.8%</b>	<b>0.0%</b>
Kansas	8.6%	28.2%	2.0%	46.9%	9.3%	5.1%
Kentucky	54.6%	38.2%	0.7%	1.4%	5.1%	0.0%
Louisiana	14.8%	59.0%	13.8%	0.0%	8.5%	3.9%
Maine	9.9%	38.4%	14.9%	23.3%	1.3%	12.2%
Maryland	28.3%	30.4%	0.0%	21.6%	12.1%	7.6%
Massachusetts	11.5%	21.8%	45.4%	6.6%	4.2%	10.5%
Michigan	35.2%	39.9%	4.7%	13.2%	5.6%	1.3%
Minnesota	32.8%	40.5%	0.0%	11.3%	15.4%	0.0%
Mississippi	21.9%	68.6%	0.0%	0.0%	9.6%	0.0%
Missouri	16.8%	48.0%	0.0%	18.3%	17.0%	0.0%
Montana	22.2%	76.7%	0.0%	0.0%	1.1%	0.0%
Nebraska	11.5%	54.4%	7.0%	0.0%	27.1%	0.0%
Nevada	30.4%	66.3%	1.8%	0.0%	1.4%	0.0%
N. Hampshire	29.0%	46.1%	0.0%	1.7%	2.8%	20.5%
New Jersey	6.1%	7.0%	10.9%	46.6%	3.0%	26.4%
New Mexico	14.5%	12.4%	0.0%	72.4%	0.8%	0.0%
New York	15.3%	22.8%	8.5%	26.6%	2.7%	24.1%
North Carolina	13.1%	44.4%	0.0%	15.9%	26.5%	0.1%
North Dakota	30.5%	55.1%	10.3%	0.0%	4.1%	0.0%
Ohio	24.1%	56.6%	0.0%	10.5%	1.9%	6.9%
Oklahoma	13.1%	15.2%	37.9%	6.8%	1.7%	25.3%
Oregon	39.6%	51.3%	4.0%	0.0%	5.2%	0.0%
Pennsylvania	15.4%	34.3%	14.0%	12.8%	8.5%	15.0%
Rhode Island	18.2%	34.7%	1.6%	39.0%	1.3%	5.2%
South Carolina	27.9%	68.7%	0.0%	0.5%	1.1%	1.8%
South Dakota	20.8%	44.5%	0.0%	0.0%	34.7%	0.0%
Tennessee	23.5%	63.3%	2.9%	0.0%	10.3%	0.0%
Texas	33.5%	54.3%	0.7%	0.0%	7.2%	4.3%
Utah	5.8%	21.4%	5.8%	62.1%	4.8%	0.0%
Vermont	42.8%	36.2%	8.5%	4.9%	7.7%	0.0%
Virginia	28.1%	32.6%	8.1%	3.2%	23.6%	4.3%
Washington	15.8%	41.7%	0.0%	33.6%	2.8%	6.2%

<b>West Virginia</b>	40.1%	47.8%	3.1%	0.0%	0.4%	8.6%
<b>Wisconsin</b>	20.6%	57.3%	0.0%	20.0%	2.1%	0.0%
<b>Wyoming</b>	30.0%	62.0%	0.0%	0.0%	8.0%	0.0%
<b>Average</b>	<b>22.0%</b>	<b>38.1%</b>	<b>6.3%</b>	<b>18.3%</b>	<b>8.0%</b>	<b>7.4%</b>

\* “Other Imposts/Misc. include a wide variety of other taxes and fees that vary from state to state and include rental car surcharges, severance taxes, casino revenue, cigarette taxes, general sales tax, mineral lease and oil royalties, inspection fees on non-highway fuels, lubricating oil taxes, and corporate income taxes” (*Taking the High Road: A Metropolitan Agenda for Transportation Reform*, Eds. Bruce Katz and Robert Puentes, 2005).

Source: U.S. Department of Transportation- Federal Highway Administration: “Revenues Used by States on Highways”: 2004; <http://www.fhwa.dot.gov/policy/ohim/hs04/htm/sf1.htm>

## Vehicle Registration Fees:

### 1) Automobile Registration Fees:

State automobile registration fee assessment varies from a flat fee to a fee assessed by automobile weight, age, value, horsepower, and number of cylinders. Twenty-seven of the states use a flat fee for automobile registration, eight use automobile weight, and the remaining use a combination of factors. Iowa sets registration fees based on weight and value.

**Figure 2: Automobile Registration Fee Assessment Methods**

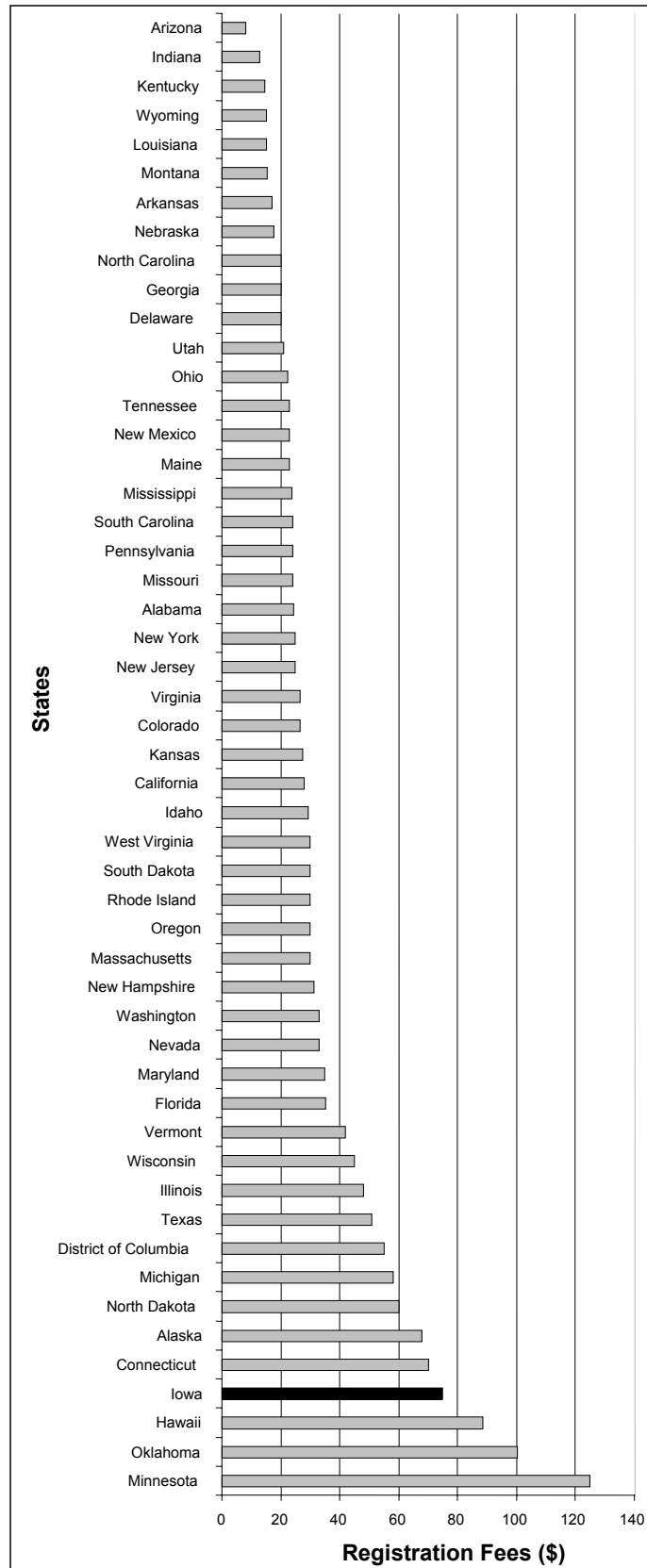
<b><u>Flat Fee Only (27 States)</u></b>			
Alabama	Illinois	North Carolina	Utah
Alaska	Indiana	Ohio	Vermont
Arizona	Kentucky	Oregon	Washington
Connecticut	Maine	Pennsylvania	West Virginia
Delaware	Massachusetts	Rhode Island	Wisconsin
Georgia	Mississippi	South Carolina	Wyoming
Hawaii	Nevada	Tennessee	
<b><u>Weight Only (8 States + D.C.)</u></b>			
Arkansas	Kansas	New Hampshire	
District of Columbia	Montana	Virginia	
Florida	Nebraska		
<b><u>Weight and Age of Vehicle (6 States)</u></b>			
Colorado	New Mexico	South Dakota	
New Jersey	North Dakota	Texas	
<b><u>Combinations Involving Value (5 States)</u></b>			
<b>IOWA --- Value, Weight</b>		Minnesota -- Value, Vehicle Age	
Louisiana - Value		Oklahoma -- Value, Flat Fee, Vehicle Age	
Michigan -- Sale Price, Weight, Vehicle Age			
<b><u>Other Formulas (4 States)</u></b>			
California -- Flat Fee, Weight		Missouri --- Horsepower	
Idaho ----- Vehicle Age Only		New York - Weight, Number of Cylinders	

Source: Adapted from U.S. Department of Transportation-Federal Highway Administration 2001 <http://www.fhwa.dot.gov/ohim/hwytaxes/2001/pt11.htm>

The average state automobile registration fee is \$35. Fees range from a low of \$8 in Arizona to a high of \$195 in Minnesota. The average registration fee in Iowa is \$75 (4<sup>th</sup> highest).

Figure 3 displays the average automobile registration fees by state.

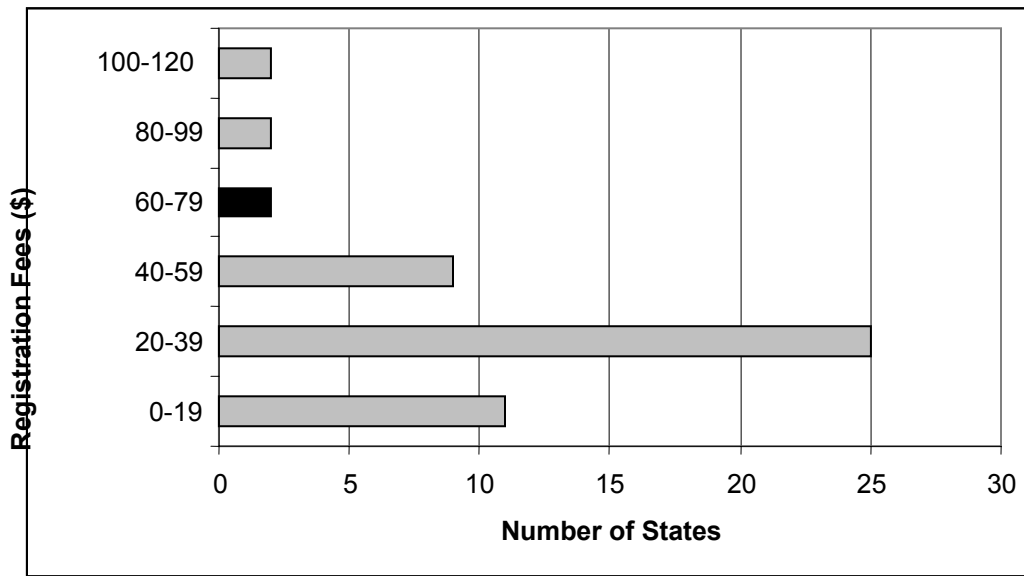
**Figure 3: State Automobile Average Registration Fees**



## 2) Truck Registration Fees

Pick-up truck registration fee assessment varies widely across states, ranging from a flat fee to a fee assessed by weight, mileage, or age. Fees range from a low of \$2 in Wyoming to a high of \$104 in Hawaii. Iowa uses a flat fee of \$65 for trucks (3 tons or less) that decreases with age to a minimum of \$35.

**Figure 4: State Truck (3 Tons or Less) Average Registration Fees**



Source: Adapted from U.S. Department of Transportation-Federal Highway Administration: 2001  
<http://www.fhwa.dot.gov/ohim/hwytaxes/2001/pt11.htm>

### Fuel Taxes:

Gasoline state tax rates range from a low of 8.0 cents per gallon in Alaska to a high of 32.9 cents per gallon in Wisconsin. Iowa's gasoline tax rate is 20.7 cents per gallon -slightly below the national average of 21.6 cents per gallon.

Diesel fuel tax rates range from a low of 8.0 cents per gallon in Alaska to a high of 38.1 cents per gallon in Pennsylvania. Iowa's rate is 22.5 cents per gallon - slightly higher than the national average of 22.1 cents per gallon.

Gasohol tax rates range from no tax in Alaska to a high of 32.9 cents per gallon in Wisconsin. Iowa's gasohol rate is 19 cents per gallon - slightly below the national average of 21.3 cents per gallon.

**Figure 5** displays the current motor fuel tax rates by state.

**Figure 5: Tax Rates on Motor Fuel**

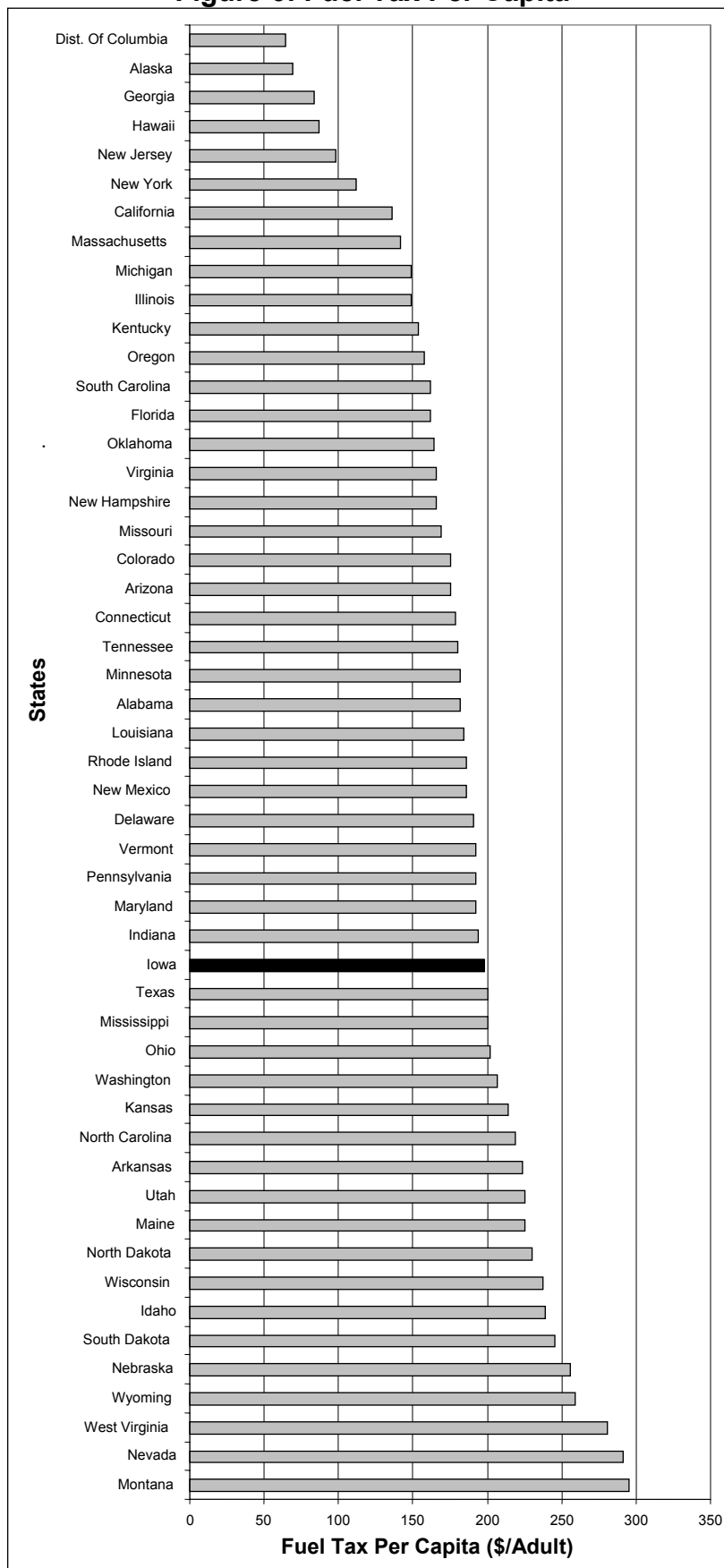
States	Gasoline	Diesel	Gasohol	States	Gasoline	Diesel	Gasohol
Alabama	18.0	19.0	18.0	Nebraska	27.0	27.0	27.0
Alaska	8.0	8.0	0.0	Nevada	24.8	27.8	24.8
Arizona	18.0	18.0	18.0	N. Hampshire	19.6	19.6	19.6
Arkansas	21.5	22.5	21.5	New Jersey	14.5	17.5	14.5
California	18.0	18.0	18.0	New Mexico	18.9	22.9	18.9
Colorado	22.0	20.5	22.0	New York	23.9	22.2	23.9
Connecticut	25.0	26.0	25.0	North Carolina	30.2	30.2	30.2
Delaware	23.0	22.0	23.0	North Dakota	23.0	23.0	23.0
D.C.	22.5	22.5	22.5	Ohio	28.0	28.0	28.0
Florida	14.9	27.7	14.9	Oklahoma	17.0	14.0	17.0
Georgia	15.3	16.5	15.3	Oregon	24.0	24.0	24.0
Hawaii	16.0	16.0	16.0	Pennsylvania	31.2	38.1	31.2
Idaho	25.0	25.0	22.5	Rhode Island	31.0	31.0	31.0
Illinois	20.1	22.6	20.1	S. Carolina	16.0	16.0	16.0
Indiana	18.0	16.0	18.0	South Dakota	22.0	22.0	20.0
<b>IOWA</b>	<b>20.7</b>	<b>22.5</b>	<b>19.0</b>	Tennessee	21.4	18.4	21.4
Kansas	24.0	26.0	24.0	Texas	20.0	20.0	20.0
Kentucky	18.5	15.5	18.5	Utah	24.5	24.5	24.5
Louisiana	20.0	20.0	20.0	Vermont	20.0	26.0	20.0
Maine	25.9	27.0	25.9	Virginia	17.5	16.0	17.5
Maryland	23.5	24.3	23.5	Washington	31.0	31.0	31.0
Massachusetts	21.0	21.0	21.0	West Virginia	27.0	27.0	27.0
Michigan	19.0	15.0	19.0	Wisconsin	32.9	32.9	32.9
Minnesota	20.0	20.0	20.0	Wyoming	14.0	14.0	14.0
Mississippi	18.4	18.4	18.4				
Missouri	17.6	17.6	17.6	<b>Mean</b>	<b>21.6</b>	<b>22.1</b>	<b>21.3</b>
Montana	27.0	27.8	27.0	<b>Federal Tax</b>	<b>18.4</b>	<b>24.4</b>	<b>13.1</b>

**Source:** Adapted from Federation of Tax Administrators; “Motor Fuel Excise Tax Rates: 1/1/06”  
<http://www.taxadmin.org/fta/rate/motorfl.htm>

Fuel tax per capita rates range from a low of \$64 in Washington D.C. to a high of \$295 in Montana. Iowa’s rate is \$198 (19<sup>th</sup> highest). These rates were calculated by dividing the 2004 gross fuel tax collections in each state by the population aged 18 and over.

**Figure 6** displays the fuel tax per adult across the nation on the following page.

**Figure 6: Fuel Tax Per Capita**



**Source:** Adapted from US Census (2000) <http://factfinder.census.gov/home/en/datanotes/expsfl1u.thm>  
 U.S. Department of Transportation- Federal Highway Administration (2004)  
<http://www.fhwa.dot.gov/policy/ohim/hs04/index.htm>

This report was prepared in May, 2006 by the Iowa Civic Analysis Network (I-CAN), a non-partisan public policy undergraduate research group at the University of Iowa. For additional research on this or other issues, please visit our website at <http://www.uiowa.edu/~ican> or contact us at [studorg-i-can@uiowa.edu](mailto:studorg-i-can@uiowa.edu)