

## Vehicle Fuel Tax

**Vehicle Fuel tax:** Vehicle fuel sales in Chicago are subject to federal, state, and local taxes. The City imposes a tax on vehicle fuel, including jet fuel, at \$.05 per gallon.

### Background

Fuel purchased in the city is taxed by several taxing bodies. The table below shows the total effective tax rate for gasoline (diesel is taxed at a higher rate at the State and Federal levels) purchased in the city:

<b>Tax</b>	<b>Rate</b>	<b>Percentage of total cost for gas at \$3.35/gallon</b>
Federal Motor Fuel	\$.184 per gallon	5%
State Motor Fuel	\$.19 per gallon	6%
State Environmental Impact Fee	\$.003 per gallon	<1%
State Underground Storage Fee	\$.008 per gallon	<1%
City Vehicle Fuel	\$.05 per gallon	1.5%
County Vehicle Fuel	\$.06 per gallon	1.8%
General Sales Tax (State, County, City)	9.25%	9.25%
<b>Total</b>	<b>\$.495 per gallon+9.25%</b>	<b>22.7%</b>

The City imposes and collects revenue from a \$.05 per gallon tax on all vehicle fuel (diesel, gasoline, and jet fuel) purchased in Chicago. In addition, the City receives 21% of the revenue from the State’s motor fuel tax and 2.25% of the revenue from the general sales tax. Revenue from the City’s share of the sales tax flows to the corporate fund. Revenue from the City’s share of the State motor fuel tax flows into the City’s motor fuel tax fund and must be used for street repair and maintenance.

### Revenue Impact

The following table shows 2014 revenue for the City’s vehicle fuel tax:

<b>Rate</b>	<b>\$.05/gallon</b>
Diesel and Gasoline	\$18 million
Jet Fuel	\$32 million
<b>Total</b>	<b>\$49 million</b>

Every one cent increase in the vehicle fuel tax rate would yield an estimated additional \$3 million in revenue from the sale of diesel and gasoline and \$6 million from the sale of jet fuel. All revenue from an increased tax on the sale of jet fuel must be used to fund airport operations; the remainder of the increased revenue could flow into the corporate fund.

### Legal Authority

Increasing the City’s per unit tax on fuel is within the City’s authority and would require amendment of the Municipal Code. Revenue from an increase in the tax applied to jet fuel must be used to fund airport operations, due to federal law. 49 USC§47107(b).

### Comparison to Other Cities

Following are some examples of total effective fuel tax rates in other cities:

<b>City</b>	<b>City Rate (per gallon)</b>	<b>State Rate (per gallon)</b>	<b>Other applicable (per gallon)</b>	<b>Total (per gallon)</b>
San Diego, CA	\$.18	\$.10	\$.01	\$.29
Portland, OR	\$.03	\$.30	\$.0667	\$.33667
Atlanta, GA	\$.148	\$.075	\$.005	\$.228
New York, NY	--	\$.424	\$.0035	\$.4275
Baltimore, MD	--	\$.27	\$.001369	\$.271369
Philadelphia, PA	--	\$.407	\$.011	\$.418