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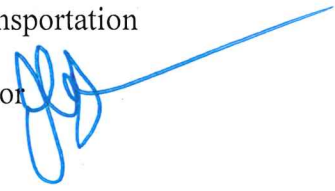
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MEMORANDUM

TO: Members, Interim Joint Committee on Transportation

FROM: John Snyder, Committee Staff Administrator 

DATE: June 2, 2025

RE: Average Wholesale Price of Gasoline for FY 26 Fuel Tax Calculation

The attached memo from the Department of Revenue gives the results for the annual survey of wholesale gas prices required under KRS 138.228 to determine a basis off which the gasoline excise tax rate of 9% is calculated for the coming fiscal year. The excise tax will **drop 1.4 cents per gallon (cpg) in FY 26**, from \$0.214 to \$0.20.

Also, note that in addition to the excise tax, gasoline is subject to a supplemental highway user motor fuel tax of 5 cpg (KRS 138.220(2)), and the petroleum environmental assurance fee of 1.4 cpg (KRS 224.60-145). The chart below gives the full amount of state taxes and fees on a gallon of gasoline for FY 25 and FY 26:

Tax / Fee	Where Money Goes?	Amount FY 25	Amount FY 26
Gasoline Excise Tax	Road Fund	\$0.214	\$0.20
Supplemental Highway User Motor Fuel Tax	Road Fund	\$0.05	\$0.05
Petroleum Environmental Assurance Fee	Financial Responsibility Account / Petroleum Storage Tank Account	\$0.014	\$0.014
Total Gasoline Taxes and Fees		\$0.278	\$0.264



Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
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Thomas B. Miller
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Richard Dobson
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Thomas B. Miller, Commissioner
Department of Revenue *Thomas B. Miller*

VIA: Richard Dobson, Executive Director
Office of Sales and Excise Taxes *RD*

FROM: Kimberly Hensley, Director
Division of Miscellaneous Taxes

SUBJECT: Annual Calculation for the Motor Fuels
Excise Tax Rate for the Fiscal Year Commencing July 1, 2025

DATE: May 28, 2025

Based upon the annual survey process required by KRS 138.228, the Division of Miscellaneous Taxes has determined the average wholesale price (AWP) of gasoline is \$2.227 for the fiscal year beginning July 1, 2025 and ending June 30, 2026. Under the statutory guidelines, the AWP cannot be greater than 110% or less than 90% of the \$2.380 AWP calculated at the close of the previous fiscal year. For the current fiscal year, the annual survey resulted in an average AWP of \$2.227, which meets the statutory percentage thresholds. The annual survey value is based on quarterly AWP calculations as follows:

July 2024	\$2.497
October 2024	\$2.147
January 2025	\$2.127
April 2025	\$2.137
Calculated annual AWP	\$2.227

Therefore, the gasoline excise tax rate (9% of AWP) will decrease to twenty cents (\$0.200) per gallon for the fiscal year beginning July 1, 2025, and ending June 30, 2026. Please contact us if you have any questions concerning this communication.

Copy: Matthew Watts
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