

**STATEMENT OF EMERGENCY**  
**103 KAR 43:341E.**

This emergency administrative regulation is being promulgated pursuant to KRS 13A.190(1)(a)(1), KRS 11.065, KRS 12.020, KRS 12.040, KRS 12.250, KRS 12.270, KRS 42.012, KRS 45.301, KRS 131.020; 131.130, and KRS 138.226, in order to meet an imminent threat to the public health, safety, or welfare.

The Department of Revenue reports that beginning July 1, 2026, and ending June 30, 2027, the annual survey value that sets the average wholesale price of gasoline in the Commonwealth of Kentucky is indicating a gas tax increase. Current projections indicate the increase will raise the gas tax and diesel fuel tax in Kentucky by an estimated six-tenths of a penny (\$0.006), costing Kentuckians about \$1.7 million per month.

This gas hike would come at a time when Kentuckians are facing significantly higher prices at the gas pump, on top of other rising costs affecting citizens' daily lives. The Federal Reserve's inflation gauge reached its highest mark in nearly three years, and oil prices hit a four-year high last week, continuing to spike gas prices.

The Automobile Association of America ("AAA") reports, as of May 5, 2026, the average price of gas in Kentucky was \$4.28 per gallon, up from \$3.91 per gallon a month ago and \$2.86 the year before. The average price for Kentucky reached \$4.98 per gallon in April. Louisville's gas prices jumped nearly 35 cents within the past week and media there reported in April that some gas stations saw prices rise nearly 40 cents overnight.

The AAA national average gas price was \$4.48 per gallon May 5, 2026 – up from \$2.98 per gallon before the war in Iran began. That national average rose more than 38 cents within the past week, with the May 5, 2026 average up from \$4.11 the month before and \$3.16 the previous year. The war in Iran has intensified the concerns of petroleum analysis experts about prolonged disruptions to global oil flows that will keep markets on edge. Oil prices hit a wartime and four-year high on April 30, 2026, continuing to spike gas prices. This emergency administrative regulation will last until the end of the war in Iran or when gas prices drop below \$3.00 per gallon, whichever occurs later in time.

Freezing the average wholesale price of gasoline and the annual survey value at the current rate to ensure the State gas tax will not increase on or after July 1, 2026, will help protect Kentuckians from the harm a higher gas tax would bring on top of other negative effects of rising inflation. The State gas tax will remain at 26.4 cents (\$0.264) per gallon, and the State tax on diesel fuel and other special fuels will remain at 23.4 cents (\$0.234) per gallon.

Under KRS 138.226, the Department of Revenue shall administer the taxes provided under KRS 138.210 to 138.490 and may prescribe and adopt administrative regulations relating to the administration of those taxes. KRS 131.130 authorizes the Department of Revenue to promulgate administrative regulations for the administration of all tax laws of the Commonwealth.

This administrative regulation must be filed as soon as possible to protect Kentuckians from the increase in the gas tax on July 1, 2026, and to provide notification of the average wholesale price of gasoline and special fuels to dealers licensed in the Commonwealth of Kentucky. Under KRS 138.220(4), the Department of Revenue must notify licensed dealers at least 20 days in advance of July 1, 2026.

This emergency administrative regulation will not be replaced by an ordinary administrative regulation as future market conditions may affect the necessity of an administrative regulation. This emergency administrative regulation will last until the end of the war in Iran or when gas prices drop below \$3.00 per gallon, whichever occurs later.

*THOMAS B. MILLER, Commissioner*

*ANDY BESHEAR, Governor*

**FINANCE AND ADMINISTRATION CABINET**  
**Department of Revenue**  
**(New Emergency Administrative Regulation)**

**103 KAR 43:341E. Excise taxes on gasoline and special fuels; average wholesale price of gasoline and annual survey value.**

RELATES TO: KRS 131.020; KRS 131.130; KRS 138.210; 138.220; 138.226; 138.228; 138.290

STATUTORY AUTHORITY: KRS 11.065; KRS 12.020; KRS 12.040, KRS 12.050; KRS 12.250; KRS 12.270; KRS 42.012; KRS 45.301; KRS 131.020; KRS 131.130; KRS 138.210; 138.220; 138.226; 138.228

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 138.226 provides that the Department of Revenue shall administer the taxes provided under KRS 138.210 to 138.490 and authorizes the Department of Revenue to prescribe and adopt administrative regulations relating to the administration of those taxes. The department determines and adjusts the average wholesale price of gasoline rounded to the nearest one-tenth of one cent (\$0.001) used for calculating the excises taxes imposed under KRS 138.220 to be paid by a dealer receiving gasoline or special fuel. This emergency administrative regulation establishes the average wholesale price of gasoline as determined by the department effective July 1, 2026, and is being promulgated in order to meet an imminent threat to the public health, safety, or welfare.

Section 1. Definitions.

- (1) "Annual survey value" has the same meaning as provided under KRS 138.210(3)
- (2) "Average wholesale price" has the same meaning as provided under KRS 138.210(4).
- (3) "Dealer" has the same meaning as provided under KRS 138.210(6).
- (4) "Gasoline" has the same meaning as provided under KRS 138.210(11).
- (5) "Received" has the same meaning as provided under KRS 138.210(15).
- (6) "Special fuels" has the same meaning as provided under KRS 138.210(18).

Section 2. Average wholesale price of gasoline and annual survey value. Effective July 1, 2026, the average wholesale price of gasoline and the annual survey value under KRS 138.228 shall be two dollars and twenty-two and seven-tenths cents (\$2.227) per gallon, which is the average wholesale price of gasoline and the annual survey value for fiscal year 2025-2026.

Section 3. Excise taxes on gasoline. Effective July 1, 2026, the excise tax imposed under KRS 138.220 on gasoline, including liquified petroleum, received in this State shall be twenty cents (\$0.20) per gallon, which is the excise tax on gasoline, including liquified petroleum in effect during fiscal year 2025-2026. When combined with the five cents (\$0.05) per gallon supplemental highway user motor fuel tax and the one point four cents (\$0.014) per gallon petroleum environmental assurance fee, the total state tax on gasoline is twenty-six and four-tenths cents (\$0.264) per gallon.

Section 4. Excise taxes on diesel fuel and other special fuel. Effective July 1, 2026, the excise tax imposed under KRS 138.220 on special fuel received in this State shall be twenty cents (\$0.20) per gallon, which is the excise tax on special fuel in effect during fiscal year 2025-2026 during fiscal year 2025-2026. When combined with the two cents (\$0.02) per gallon supplemental highway user motor fuel tax and the one point four cents (\$0.014) per gallon petroleum environmental assurance fee, the total state tax on special fuel is twenty-three cents and four-tenths cents (\$0.234) per gallon.

Section 5. Relief from penalties. No dealer shall be found in violation of the reporting requirements under KRS 138.240 to 138.260, or subject to the civil penalties imposed under KRS 138.290, for computing and reporting the gasoline and special fuel tax and supplemental highway user motor fuel tax imposed under KRS 138.220 in accordance with this regulation.

Section 6. This emergency administrative regulation shall last until the end of the Iran war or when gas prices drop below \$3.00 per gallon, whichever occurs later in time.

*THOMAS B. MILLER, Commissioner*

APPROVED BY AGENCY: May 5, 2026

FILED WITH LRC: May 5, 2026 at 3:30 p.m.

**PUBLIC HEARING AND COMMENT PERIOD:** A public hearing on this administrative regulation shall be held on June 24, 2026, at 10:00 a.m., at 501 High Street, 11th Floor Conference Room, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through June 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

**CONTACT PERSON:** Gary Morris, Executive Director, Office of Tax Policy and Regulation, 501 High Street, Station 1, Frankfort, Kentucky 40601, Telephone: (502) 564-0424, Gary.Morris@ky.gov, Fax: (502) 564-9565.