Ask the Rambler: When Did the Federal Government Begin Collecting the Gas Tax?

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Ask the Rambler

When did the Federal Government begin collecting the gas tax?

> *This was actually a trick question. The Highway History page knew the answer, but wanted to see how much trouble the Rambler would go to in trying to respond. He didn't go to much trouble at all! He stole the response from a Highway History page draft he came across and elaborated on it-and then tried to bill the Highway History page for the response. The Highway History page gave the Rambler the facts of life: no budget! no pay! Grudgingly, he authorized the use of his answer before returning to his primary activity these days: diagramming the fourth season of "Alias" to see if it made any sense.*

The Unlucky President

Herbert Hoover is one of the unluckiest Presidents in history. As a result of his relief efforts in Europe and the Soviet Union during and after World War I, he had become one of the most popular people in the world. During the terms of Presidents Warren G. Harding and Calvin Coolidge, Hoover was an aggressive, successful Secretary of Commerce. During this period, from 1921-1929, the United States enjoyed one of its greatest periods of prosperity, so much so that history has dubbed the era "The Roaring 20s," although historians give the two Presidents little credit for the boom.

President Coolidge was a "small government" man who saw the Constitution as imposing limits on the Federal Government that made his primary task reducing expenditures and balancing the budget, not dealing with problems in the agricultural sector or reining in a stock market that, in hindsight, we know was in great need of reining in.

President Hoover, having defeated Governor Alfred E. Smith of New York, took office on March 4, 1929, with every expectation of a happy continuation of prosperity. His Inaugural Address reflected the Nation's optimism:

> We have emerged from the losses of the Great War and the reconstruction following it with increased virility and strength. From this strength we have contributed to the recovery and progress of the world. What America has done has given renewed hope and courage to all who have faith in government by the people. In the large view, we have reached a higher degree of comfort and security than ever existed before in the history of the world. Through liberation from widespread poverty we have reached a higher degree of individual freedom than ever before . . . . For wise guidance in this great period of recovery the Nation is deeply indebted to Calvin Coolidge.

The conventional wisdom of the day was that more credit went to Secretary of the Treasury Andrew W. Mellon than to the former President. Mellon, in his 70s, was Secretary from the start of the Harding Administration (1921 to 1923) through the Coolidge years (1923, following President Harding's death, to March 4, 1929) and would continue as Secretary under Hoover. He was often referred to as the Greatest Secretary of the Treasury since the First Secretary, Alexander Hamilton.

On October 29, 1929, the stock market collapsed, taking businesses, banks, and individual fortunes down with it. (The Rambler, who is lucky if he can balance his checkbook, will leave out the complex details of the gradual slide into the Depression following the collapse.) The United States had experienced downturns, often called "panics," before, but the stock market collapse unleashed an economic maelstrom that pulled the country into what has become known as the Depression. Since the rest of world joined in the Depression, fighting out of it was not going to be an easy task.

As the Depression worsened, Secretary Mellon's reputation suffered. He was now referred to as "the Greatest Secretary of the Treasury since the Last One." Gradually losing confidence in his Secretary, the President increasingly relied on Under Secretary of the Treasury Ogden L. Mills to carry on the Department's business. The President and the Under Secretary met every day, often more than once as Mellon faded into the background. Finally, on February 3, the President announced that Mellon would become Ambassador to the Court of St. James, and that Mills would become Secretary.

The Rambler does not blame President Hoover. He couldn't have prevented the Depression, and while it is possible to second-guess his attempts to counteract it, his single, 4-year term probably wasn't long enough for anyone to revive the economy in the midst of a worldwide slump.

Still, he's the President who signed the first Federal gas tax into law, so that's where the story begins.

The Revenue Act of 1932

Historically, Presidents wanted to balance the country's budget, and it usually wasn't too hard except in wartime. Hoover saw a balanced budget as one of his primary responsibilities, but he knew that some years, it was easier to accomplish than others. Financial historian John Steele Gordon, in *An Empire of Wealth: The Epic History of American Economic Power* (HarperCollins Publishers, 2004), described Hoover as "perhaps the most economically sophisticated man ever to be president." Hoover understood that it was not possible to balance the budget during the early years of the Depression. In his first couple of years as President, Hoover supported increased Federal expenditures for public works such as road projects and other activities to boost the economy, even though the budget would not be in balance. "Unfortunately," as Gordon put it, "Hoover changed his mind in late 1931."

Biographer Gene Smith described the situation in *The Shattered Dream* (William Morrow and Company, 1970):

> The United States government was spending two and a half million dollars a day more than it took in. If that continued, America, like any other bankrupt, would be unable to pay its bills. If bankruptcy came, it would bring what had happened to Germany: hideous inflation, wheelbarrows of dollars to pay for a loaf of bread, meals doubling in price as the diner ate, the end of the middle classes, Bolshevism.
>
> Together, Hoover and Mills formulated the most brutal peacetime revenue bill the country had ever seen. The bill called for a rise in estate taxes from 23 percent to 45 percent, an increase in personal income taxes from 23 percent to 45 percent, a rise in corporation taxes, a sales tax, a drastic modification of capital gains advantages. With the unheard of taxes must come ruthless reductions in government expenditures: a cut in the pension paid to General [John J. "Blackjack"] Pershing [hero of World War I], a one-week vacation without pay each month for the majority of government employees, decreases in the salary of each member of the Cabinet, $12,000 instead of $15,000, and of the President, $60,000 instead of $75,000.

In Congress, the President's proposal faced a House of Representatives that had been controlled by the Democrats, 220 to 214, since the off-year (non-presidential) election of 1930. The Republicans retained control, just barely, in the Senate. Nevertheless, the House passed a version of the Revenue Act on April 1, 1932. An oil tariff (1 cent per gallon of imported gasoline and fuel oil) had been included by amendment on March 27.

The Senate struggled with the revenue bill, in part because the upcoming presidential election in November made cooperation between Democrats and Republicans difficult. To break the impasse, the President made a surprise appearance before the Senate at noon on May 31 to discuss the urgent need for the bill. He told the Senators that people "know from bitter experience that the course of unbalanced budgets is the road of ruin." He understood the complexities facing the Senators, but was convinced that they had three major duties in completing their work on the bill, namely drastic reduction of expenditures and passage of revenue legislation and relief legislation to aid in employment. He concluded:

> In your hands at this moment is the answer to the question whether democracy has the capacity to act speedily enough to save itself in emergency. The Nation urgently needs unity. It needs solidarity before the world in demonstrating that America has the courage to look its difficulties in the face and the capacity and resolution to meet them.

Shortly after midnight, the Senate completed work on its bill, which included $1.115 billion in new tax revenue. The bill included a 1-cent per gallon excise tax on gasoline sales, not just on imported fuel. This provision had emerged in the hours before the President's speech when Secretary Mills was working with the Senate Finance Committee to adjust the Senate bill to meet Administration revenue targets. At a 10 am meeting, the committee approved a proposal to restore 1922 income tax rates and went on the Senate floor to secure a vote on the change. After the Senate approved the amendment, the Secretary asked the committee to adopt a general manufacturers' sales tax. Learning that the committee had previously rejected the idea, he suggested a 1-cent per gallon gasoline tax, to be paid at the refinery, and adjustment of the amusement tax.

The committee adjourned to hear the President's speech, then defeated the amusement tax but adopted the gasoline tax, which was expected to raise $150 million. The Senate adopted the gasoline tax without a recorded vote. Senator J. W. Elmer Thomas, a Democrat from the oil State of Oklahoma, offered an alternative to the gasoline tax. He proposal that the Reconstruction Finance Corporation sell $150 million in debentures and repay the cash into the general treasury. His amendment was defeated 80 to 8.

Conferees meeting to resolve differences between the House and Senate bills reached agreement on June 2. The House approved the Revenue Act on Saturday, June 4, in what *The New York Times* characterized as a "stormy session." Despite objections to elements of the bill, including the gas tax, the bill was adopted by voice vote. Only a "faint chorus of noes" could be heard, according to *The New York Times*.

The Senate approved the bill on June 6 by a vote of 46 to 35. The new tax on electricity was the primary focus of debate (3 percent of the amount paid on or after the 15^{th} day after enactment of the law for electrical energy for domestic or commercial use consumed after that date until July 1, 1934). The Senate version had provided for tax collection from the power company, but conferees agreed that consumers should pay the tax. Progressives, who considered the shift a favor to the "power trust," used every parliamentary trick available to try to return the bill to conference, but were overruled by Vice President Charles Curtis in his role as President of the Senate.

As the vote was completed, Speaker of the House John Nance Garner (D-Tx.) signed the officially engrossed copy of the bill that had been placed on his desk. He sent it to Vice President Curtis, who signed it in the presence of the Senate and gave the bill to a messenger for delivery to the President.

President Hoover signed the bill, without ceremony an hour and a half after the Senate approved it. He issued a brief statement:

> The willingness of our people to accept this added burden in these times in order impregnably to establish the credit of the Federal Government is a great tribute to their wisdom and courage. While many of the taxes are not as I desired, the bill will effect the major purpose of assurance to the country and the world of the determination of the American people to maintain their finances and their currency on a sound basis.

The Revenue Act of 1932 enacted dozens of taxes, including those mentioned and taxes on such consumer products as admissions to any place by ticket or subscription; auto bodies, tires and inner tubes; cameras, candy, chewing gum, furs, soft drinks, and sporting goods; firearms, shells, and cartridges; coal, coke, and copper ore; telegraph, telephone, cable, and radio dispatches; and checks, jewelry, matches, refrigerators, stamps, and toiletries.

Secretary of the Treasury Ogden L. Mills

The man who proposed the Federal gas tax was the 50th Secretary of the Treasury, serving from February 12, 1932, to March 4, 1933, the day President Hoover left office. President Coolidge had appointed Mills to be Under Secretary of the Treasury in 1927 and he retained the post under President Hoover.

The Department of the Treasury's website summarized Mills's early life:

> Ogden Mills was born August 23, 1884, in Newport, Rhode Island. He was the son of Ogden and Ruth T. (Livingston) Mills and grandson of Darius O. Mills, who bequeathed to his son a fortune in excess of $40 million amassed in banking, railroad, and mining ventures on the Pacific Coast. Mr. Mills graduated from Harvard University and then Harvard Law School, received the A.B. degree in 1904 and the LL.B. degree in 1907. He was admitted to the New York bar in 1908 and practiced law with a prestigious firm.
>
> Mr. Mills became active in Republican Party affairs in 1911. Mr. Mills served until 1926 as Treasurer of the Republican County Committee of New York. He was an unsuccessful candidate for the United States Congress in 1912, but was elected to the New York State Senate in 1914 and was re-elected in 1916. In 1917, he served as a Captain with American Expeditionary Force in France. Mr. Mills was elected to the United States Congress in 1921 as a Representative from New York, serving three terms.
>
> He was director of such large corporations as the Lackawanna Steel Company, the Atcheson, Topeka, and Santa Fe Railroad, Mergenthaler Linotype Company, the Shredded Wheat Company, and many others. He married Mrs. Dorothy Randolph Fell in 1924.

According to Smith, Mills was considered "the third richest man in Washington, Mellon of course being the first, and Senator James Couzens of Michigan, Henry Ford's old partner, the second." Smith continued:

> The Depression hardly crippled him. He did not give up his yacht, his racing stable, his estates on Long Island and at Staatsburg on the Hudson, nor his Newport villa or his mansion on Fifth Avenue, although it was reported that once just before a dinner party he said to his wife, "Dorothy, there are only ten servants in the house; never before in my life have we had fewer than fifteen."

Mills was "smart, capable, arrogant." In 1926, Representative Mills ran for Governor of New York, but lost to Governor Smith. Having given up his House seat to run for governor, Mills accepted President Coolidge's appointment to the Treasury Department.

During the period the Revenue Act was under consideration, Secretary Mills was involved with several bills to accomplish the President's goals of reduced expenditures, increased receipts, and a balanced budget. His work prompted *The New York Times* to say, in headline language:

Washington impression grows that the Treasury Chief
is strongest man in the Cabinet

The accompanying article, datelined June 2, 1932, by Arthur Krock, the *Times'* Washington Bureau Chief, said that Mills dealt with Congress "more successfully" than any President or Cabinet member "for many years." Krock, who would become the only person to receive three Pulitzer Prizes, continued:

> [His] quiet and steady evolution into the strongest member of the administration is a remarkable development of American politics. He knows the ways of Congress and the Congressmen, having served three terms in the House. Though the Secretary is direct and candid-even blunt-he gets along with politicians of every stripe.
>
> A good deal of growth has come to Ogden Mills since Al Smith supposedly relegated him to the amateur political class. He learned things from ex-Governor Smith, and he had learned things here. Fortunately nobody has yet called him "the greatest Secretary of the Treasury since Hamilton." He is establishing

> sounder claims to a more useful position in our national life, always provided "his brains," as was said of another statesman, "do not go to his head."
>
> A survey of Mr. Mills' background makes the log-cabin tradition look pretty sick. The Secretary was born at Newport-presumably fatal to political advancement. He went to Harvard-which doesn't get a man many votes. Entirely naturally, considering his life-time associations, he belongs to the Union, the Knickerbocker and the Racquet and Tennis Clubs, where you don't meet many Congressmen. The only aspect of his record which helps politically, Mr. Mills acquired for reasons wholly apart from politics-he served with the A.E. F. as a Captain in France. He drinks tea in his office about 6, because he works hard and tea refreshes him.
>
> But all of these facts about the Secretary make it the more remarkable that he is the soundest, wisest and most effective Congressional committee rough and tumble scrapper who has been seen in these parts for a good many years. Today, for instance, Mr. Mills did not hesitate to brawl with a Congressman in his own manner and language; to call the Garner [relief] bill a "pork barrel," and to say that he would not, as Secretary of the Treasury, attempt to market pork-barrel bonds above a rate which would undoubtedly demoralize the rest of the securities market.
>
> Every time the Senate Finance Committee got into a jam-and sometimes the fault lay with the incorrect estimates furnished by Mr. Mills and his treasury experts-the Secretary went up to the Capitol and straightened things out . . . . When Democratic Senators and Representatives shout or sneer at Mr. Mills across a committee table, and he shouts or sneers back, it is clear that even the most vocal enemies of "Newport millionaires" pay the Secretary the compliment of considering him as good a man as they are in the Congressional game. They do not think this of any of his Administration Colleagues.

By the time of the Revenue Act of 1932, President Hoover had turned on public works as a means of unemployment relief. He responded to a proposal by the American Society of Civil Engineers by saying:

> The vice in that segment of the proposals made by your society and others for further expansion of "public works" is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayer; they unbalance the budget and demoralize Government credit.

Mills shared the President's doubts about public works because each job benefited only a limited number of workers. In an appearance before the Senate Banking and Currency Committee, he said, "The real way" to effect relief was "to start the private economic machine turning." When Senator Robert F. Wagner (D-NY.), the chief author of the Senate relief bill under consideration, said, "I'm trying to put men to work and you won't cooperate," Mills replied:

> I want to break the ice by lending to industry so that somebody will begin to spend money. There is nothing the matter with the United States except that it's got the worst case of nerves in its history. Two things are needed-one to restore prices, the other to restore the money market. And you have got to restore confidence.

No Good Deed Goes Unpunished

Despite Hoover's efforts, the public blamed him for their economic plight. He was defeated for reelection in 1932 by another Governor of New York, Franklin Delano Roosevelt. Roosevelt's Vice President was Speaker of the House Garner.

The new President would take office on March 4, 1933, the last time such a long interregnum would occur between the election and Inauguration Day. Beginning with Inauguration Day, 1937, Presidents would take the oath of office on January 20. In this case, during the nearly 5 months delay, the economy continued to deteriorate. The worldwide Depression was too deep for these initial efforts to revive the economy. Gordon summarized the situation:

> The government deficit in 1932, despite Hoover's tax increases, was $2.7 billion. Revenues had been a mere $1.9 billion. It was the worst peacetime deficit in the nation's history. Gross national product that year was $58 billion, a mere 56 percent of what it had been three years earlier. Unemployment stood at an entirely unprecedented 23.6 percent . . . . Another 1,453 banks had failed, bringing the depression total to a staggering 5,096 . . . . The Dow-Jones Industrial Average fell as low as 41.22, down 90 percent from its high of three years earlier and less than a point above where it had stood the first day it had been calculated in 1896.

During the campaign, President Roosevelt had promised to balance the budget better than Hoover. After taking office, the new President abandoned the goal in order to stimulate the economy through public works, through restoration of confidence in banks and other financial institutions, and through relief efforts to help the unemployed.

Strolling Through Gas Tax History

Since the Rambler is very busy, he is lucky that someone else has chronicled the ups-and-downs of the gasoline tax:

> Sweet, James Stouder, The Federal Gasoline Tax at a Glance: A History, Bybee House, 1993.

This short history packs a lot of information into 23 pages. Using Mr. Sweet's booklet and other sources, the Rambler offers a summary of how the Federal excise tax on gasoline reached its current level.

The 1-cent gas tax was set to expire at the end of June 1933 (the last day of fiscal year 1933). The American Petroleum Institute and the American Automobile Association were among those who supported expiration of the tax. However, the National Industrial Recovery Act of 1933, which the President approved on June 6, 1933, extended the tax and increased it to 1.5 cents. The Revenue Act of 1934 (May 10, 1934) rescinded the half-cent increase.

Opposition from the highway lobby and State officials continued, but so did the tax, although each extension was "temporary" until the Revenue Act of 1941 (September 20, 1941) made the gas tax permanent and increased it to 1.5 cents a gallon to help pay for the country's defense buildup.

After World War II, opposition to the Federal gas tax continued from auto, oil and travel interests and the States, which maintained that the gas tax should be their sole province. In 1947, for example, hundreds of national, State, and regional organizations of highway users signed a petition urging Congress to repeal the automotive taxes, including the excise taxes on motor vehicles and trailers, lubricating oil, tires and tubes, automotive parts and accessories. The petition, submitted on July 15, 1947, summarized the history of the gas and other taxes, then stated:

> Everyone of these levies initially was imposed over the protest and voiced opposition of all leading highway user organizations of the country. No tax for the general support of Government is just in its application when the amount of the burden is determined by the distance the taxpayer must drive to or from his farm or his place of employment, or in the conduct of his business.
>
> When the taxes were extended and increased for emergency war revenue, highway users everywhere patriotically accepted them as part of the war burden which each must bear, regardless of equity. That emergency has passed and the continuing tax burden can now be redistributed under equitable measurements of assessment.

The National Highway Users Conference (NHUC), consisting of leaders of the trucking, manufacturing, and oil companies as well as automobile and farm groups, served as a clearinghouse for the petition. A transmittal letter from NHUC Director Arthur C. Butler, Executive Vice-President of General Motors, explained:

> These organizations and the millions of taxpayers they represent are of the firm conviction that there should be no departure from the original concept of Federal highway aid. This concept is that the Federal Government should pay for such aid from sources of general taxation, because the benefits of

> that spending-to the national defense, to interstate commerce, to mail delivery and to the general welfare-are not limited to any special taxpaying group.

The Governors' Conference, predecessor to the National Governors Association, adopted resolutions opposing the Federal gas tax. They suggested that if the Federal Government would yield the taxes, the States would increase their taxes by a like amount, thus providing more funding for State road programs.

The Revenue Act of 1951 (October 21, 1951) increased the gas tax to 2 cents as a revenue source during the Korean War that began in June 1951, with the increase to be repealed on April 1, 1954.

Opposition to the gas tax continued into the early years of President Dwight D. Eisenhower, who took office on January 20, 1953. The Governors Conference passed resolutions, while the auto, highway, and oil interests worked Capitol Hill to bring an end to the tax. In fact, on the second day of his presidency, Eisenhower received a visit from Governors Walter J. Kohler, Jr. (R-Wi.) and Dan Thornton (R-Co.), who asked him to support a commission to study Federal-State relations, citing the gas tax as an example of a Federal activity that should be abandoned in favor of the States. Although President Eisenhower agreed to the commission, he did not agree about the gas tax. With the President planning a road initiative, he supported the Excise Tax Reduction Act of 1954 (March 31, 1954), which extended the tax to April 1, 1955, and the Tax Rate Extension Act of 1955 (March 30, 1955), which extended it to April 1, 1956.

By the time Congress took up proposals for financing the Interstate System, most parties had accepted the practical reality that the Federal gas tax wasn't going away. On May 4, 1955, during a hearing on the National Highway Program before the House Committee on Public Works, Representative Fred Schwengel (R-Ia.) asked Governor Kohler about the change in the Governors' Conference position, pointing out that for the past 10 years, the Governors had asked the Federal Government to yield the gasoline tax to the States. He continued:

> I believe 2 years ago it was the unanimous opinion of the governors that that obtain . . . . Now, I think I see a complete flip-flop in this whole philosophy, where you are saying let the Federal Government stay in it. Do you realize when you are taking this position on this bill that you are committing the Federal Government to this gasoline tax for 30 years?

Governor Kohler responded:

> Mr. Schwengel, we realize that this is the case . . . . I would like to point out that, so far as I know, the governors still, if polled, would adhere to their position as adopted at the Houston Governors' Conference in 1952, that the Federal Government should get out of the gas-tax field and leave that to the States.
>
> The approach here is simply a realization of the practical political facts of life that the Government is not going to get out of that gas-tax field. So it is a question of relaxing and enjoying it, I think, rather than changing our minds.

In 1956, the outside interests agreed with congressional leaders on a compromise for funding the Interstate System. The gas tax would be increased to 3 cents, but highway user tax revenue from excise taxes on gasoline, tire rubber, tube rubber, and the sales tax on new trucks, buses, and trailers would be credited to a new Highway Trust Fund and reserved for use on the Interstate System and other highway projects. (The Highway Trust Fund is modeled after the Social Security Trust Fund-that is, the revenue goes into the general treasury, but is credited to the Fund.) The Federal-Aid Highway Act of 1956, which President Eisenhower signed on June 29, 1956, adopted this compromise.

A funding shortage in the late 1950's led President Eisenhower to request a temporary increase of the gas tax to 4.5 cents a gallon. Despite opposition to an increase from the usual opponents, Congress increased the tax, but only to 4 cents on a temporary basis, in the Federal-Aid Highway Act of 1959 (September 21, 1959). The Federal-Aid Highway

Act of 1961, which President John F. Kennedy approved on June 29, 1961, the 5th anniversary of the 1956 Act, retained the 4-cent tax and extended it through September 30, 1972.

The tax remained 4 cents a gallon until the Surface Transportation Assistance Act of 1982, which President Ronald Reagan approved on January 6, 1983. The Act increased the tax to 9 cents, but the legislation created two separate accounts in the Highway Trust Fund. The Highway Account would receive 8 cents of the revenue while the new Mass Transit Account would receive 1 cent of the gas tax.

The Superfund Amendments and Reauthorization Act of 1986 (October 17, 1986) added 0.1 cent tax on gasoline for the Leaking Underground Storage Tank Trust Fund.

On November 5, 1990, President George H. W. Bush approved the Omnibus Budget Reconciliation Act of 1990. It embodied a compromise the Republican President had reached with the Democratic-controlled Congress to reduce the Federal budget deficit. The Act increased the Federal gas tax by 5 cents, with half the increase going to the Highway Trust Fund, the other half to deficit reduction.

The Omnibus Budget Reconciliation Act of 1993, signed by President Bill Clinton on August 10, 1993, increased the gas tax by 4.3 cents, bringing the total tax to 18.4 cents per gallon. The increase was entirely for deficit reduction, with none credited to the Highway Trust Fund. However, the Taxpayer Relief Act of 1997, which President Clinton approved on August 5, 1997, redirected the 4.3-cents general fund gas tax increase to the Highway Trust Fund.

That is where the gas tax remains today.

The gas tax is only one of several revenue sources for the Highway Trust Fund. The following table, from the Federal Highway Administration's *Financing Federal-Aid Highways*, lists the sources:

Federal Highway-User Tax Rates - Current and Enacted for the Future

Fuel	Tax Rate	Effective Date	Distribution of Tax			
			Highway Trust Fund		Leaking Underground Storage Tank Trust Fund	General Fund
			Highway Account	Mass Transit Account		
Fuel Taxes (cents per gallon)						
Gasoline	18.4	10/01/97	15.44	2.86	0.1	0
Gasohol	18.4	01/01/05	15.44	2.86	0.1	0
Diesel Fuel	24.4	10/01/97	21.44	2.86	0.1	0
Liquefied Petroleum Gas	13.6 *18.3*	10/01/97 *10/01/06*	11.47 *16.17*	2.13 *2.13*	0 *0*	0 *0*
Liquefied Natural Gas	11.9 *24.3*	10/01/97 *10/01/06*	10.04 *22.44*	1.86 *1.86*	0 *0*	0 *0*
M85 (85 percent methanol)	9.25	10/01/97	7.72	1.43	0.1	0
Compressed Natural Gas (cents per thousand cubic feet	48.54 *TBD*[1]	10/01/97 *10/01/06*	38.83 *TBD*	9.71 *9.71*	0 *0*	0 *0*
Nonfuel Taxes (All proceeds to Highway Account)						
Tires	Maximum rated load capacity 0-3,500 pounds - No tax Maximum rated load capacity over 3,500 pounds - 9.45 cents per each 10 pounds in excess of 3,500.					

Fuel	Tax Rate	Effective Date	Distribution of Tax			
			Highway Trust Fund		Leaking Underground Storage Tank Trust Fund	General Fund
			Highway Account	Mass Transit Account		
Truck and Trailer Sales	12 percent of retailer's sales price for tractors and trucks over 33,000 pounds gross vehicle weight (GVW) and trailers over 26,000 GVW.					
Heavy Vehicle Use	Annual tax: Trucks 55,000-75,000 pounds GVW, $100 pus $22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds Trucks over 75,000 pounds GVW, $550					
1. The tax rate on compressed natural gas will be set on an energy equivalent basis to gasoline effective October 1, 2006.						

The Highway Trust Fund has an additional source of revenue. Since October 30, 1984, the proceeds from fines and penalties imposed for violation of motor carrier safety requirements are deposited in the Highway Account of the Highway Trust Fund.

Up and Down

From the start, the Federal gas tax has been under attack, initially from the highway lobby. The opponents remained opposed to the excise tax on gasoline and other automotive products through the early 1950s, but the allure of the Interstate System quieted the critics. In recent years, the Federal gas tax has been attacked by Governors and Members of Congress who wanted to "devolve" the tax, along with the Federal-aid highway program, to the States. Increases in the Federal tax have been proposed regularly in recent years as well, sometimes by organizations within the highway lobby, sometimes by Members of Congress who see it as a source of revenue for general government needs.

The Rambler feels safe in saying that advocates, whether for up or down, will continue to debate the gas tax. For now, as this is written in June 2005, it remains 18.4 cents a gallon.