

House Bill 1633, to make gas tax transparency permanent

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Key findings:

1. **Consumers have a right to know, understand, and verify the taxes that they pay at the pump. Increased gas tax transparency has been a longstanding recommendation of the Washington Policy Center.**
2. **In 2017, HB 2180 was passed as a budget proviso, providing fuel tax transparency by requiring stickers that provide federal and state motor fuel tax rates on fuel pumps.**
3. **As that proviso expires on June 20, 2019, HB 1633 seeks to make this change permanent.**
4. **HB 1633 ensures the continued practice of government informing consumers exactly how much they pay for gas and how much they pay in taxes for transportation infrastructure.**
5. **This greater level of transparency would increase public trust and empower taxpayers in understanding the complete costs of transportation infrastructure.**

Introduction

Consumers have a right to know, understand, and verify the taxes that they pay at the pump. Increased gas tax transparency has been a longstanding recommendation of the Washington Policy Center.

In Washington state, the real price of gas, before state and federal gas taxes are applied, is hidden from consumers. As a result, the advertised dollar price is much higher than the true price of the product.

Gasoline is one of the few retail products that are treated this way. This method of pricing, which hides the taxes consumers must pay at the pump, makes it difficult for people to know how many of their dollars go to the state and to the federal government to pay for transportation infrastructure. Consequently, the invisibility of gas taxes compounds the difficulty the public already experiences in assessing the performance of lawmakers and public transportation agencies and holding them accountable for how transportation tax dollars are spent.

Bill summary

To solve this problem, Representative Cary Condotta proposed House Bill 2180 during the 2017 legislative session, providing fuel tax transparency.¹ This proposal was included as a 2017-19 budget proviso, which expires on June 30, 2019. House Bill 1633 would make the requirements of the proviso permanent.² It includes an emergency clause to ensure there is not gap in service – or pause in the distribution of stickers.

1 “House Bill 2180: Requiring the provision of fuel tax rate information at fuel pumps,” Washington State Legislature, 2017-18 Legislative Session, at <https://app.leg.wa.gov/bills/summary?BillNumber=2180&Initiative=false&Year=2017>.

2 “House Bill 1633: Making permanent the posting of fuel tax rate information at fuel pumps,” Washington State Legislature, 2019-20 Legislative Session, at <https://app.leg.wa.gov/bills/summary?BillNumber=1633&Initiative=false&Year=2019>.

The budget proviso requires the Washington State Department of Agriculture (WSDA) to “produce a sticker for display ... that provides the federal and state motor fuel tax rate” on each fuel pump. The stickers would be displayed “on each side of the fuel pump where the price of fuel is displayed” in a “clear, conspicuous and prominent manner.”³

WSDA is responsible for distributing the stickers because it conducts periodic inspections of fuel pumps, except for those located in Seattle, which has its own fuel weights and measures program. Once they have completed an inspection, WSDA employees apply a sticker that indicates the pump has been approved and has met requirements for accuracy, labeling, safety, and technical requirements.

Through the proviso, WSDA is required to produce fuel tax stickers and distribute them to any government employee who conducts fuel pump inspections. WSDA would update fuel tax stickers on an annual basis or whenever fuel tax rates are changed.

Policy analysis

According to AAA, the average cost of regular unleaded gas in Washington, with taxes, is \$2.92 per gallon (as of March 11, 2019). The real price of gas, however, is only \$2.24 per gallon.

Washington state officials currently impose a gas tax of 49.4 cents per gallon. Congress imposes an additional tax of 18.4 cents per gallon. In total, Washington state residents pay 67.8 cents in tax for every gallon of gas purchased. Current labeling on large signs at gas stations reflects the total amount paid (\$2.92) after taxes.

As a result, the real price of gas, and the cost of taxes paid, have largely been invisible to the traveling public. This is in contrast to most other costs of car ownership, from purchasing a vehicle to renewing car tabs, which are made very clear to the consumer.

Visibility of gas taxes is especially important today as transportation officials have proposed a carbon tax on top of a six-cent gas tax increase for transportation spending during the 2019 legislative session. At the same time, they are promoting a mileage tax and arguing that the high fuel taxes we pay are simply not enough.

The public should not have to take public officials at their word. Instead, they should be able to review, easily verify, and engage with public officials regarding their claims about transportation spending. The 2017 truth-in-labeling proviso opened the door for the public to do just that. House Bill 1633 represents good policy because it would make this truth-in-labeling law permanent.

Conclusion

House Bill 1633 ensures the continued practice of government informing consumers exactly how much they pay for gas and how much they pay in taxes for transportation infrastructure.

This greater level of transparency would increase public trust and empower taxpayers in understanding the complete costs of transportation infrastructure, whether it is paid for with current gas tax dollars or with other proposed sources of revenue.

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Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body

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³ “House Bill Report SHB 1633,” Washington State Legislature, March 1, 2019, at <http://lawfilesexst.leg.wa.gov/biennium/2019-20/Pdf/Bill%20Reports/House/1633-S%20HBR%20APH%2019.pdf>.