



Rhode Island Department of Revenue

Division of Taxation

ADV 2021-20
GAS TAX

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
JUNE 4, 2021

Reminder: Rhode Island gasoline tax rate will remain unchanged

Statutory formula takes inflation into account to determine future tax rate

PROVIDENCE, R.I. – The Rhode Island Division of Taxation reminds retailers, motorists, and others that the Rhode Island gasoline tax rate will remain unchanged, at 34 cents per gallon, effective July 1, 2021.

By statute, the Division of Taxation every other year must take the measure of inflation and use that number to adjust the gasoline tax for the following July. Accordingly, the Division in late 2020 determined that the percentage of increase in inflation was not enough to increase the gasoline tax.

Thus, the Division publicly announced late last year that the tax, commonly known as the “gas tax”, will remain at 34 cents per gallon effective July 1, 2021. (Because there is, by statute, a lag between the time the measure of inflation is taken and the time the inflation-adjusted gas tax rate takes effect, today’s Advisory is issued as a reminder.)

Rhode Island gasoline tax – biennial inflation adjustment		
EFFECTIVE DATE	CHANGE	TAX PER GALLON
July 1, 2021	no change	34 cents
July 1, 2019	1-cent increase	34 cents
July 1, 2017	no change	33 cents
July 1, 2015	1-cent increase	33 cents

By law, inflation formula is applied once every two years. First application of formula, for July 1, 2015, resulted in 1-cent-per-gallon increase, to 33 cents per gallon. Second application, for July 1, 2017, resulted in no change. Third application, for July 1, 2019, resulted in a 1-cent-per-gallon increase, to 34 cents. Fourth application, for July 1, 2021, resulted in no change.

- The gas tax is set forth in Rhode Island General Laws § 31-36-7: <http://webserver.rilegislature.gov/Statutes/TITLE31/31-36/31-36-7.HTM>
- The gas tax applies to diesel and other taxable motor fuels that meet the definition of “fuels” under Rhode Island General Laws § 31-36-1(4): <http://webserver.rilegislature.gov/Statutes/TITLE31/31-36/31-36-1.HTM>
- The next measure of inflation for Rhode Island gas tax purposes is scheduled to be taken by the Division of Taxation in the fall of 2022 and will apply for purposes of the gas tax beginning July 1, 2023.

The Rhode Island Division of Taxation has normal operating hours from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <http://www.tax.ri.gov/contact>
