

TRANSPORTATION

# Transportation taxes and spending throughout the Mountain States

By Bob Pishue  
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## INTRODUCTION

Highway infrastructure is funded primarily at the state and federal level, with every state in the country levying a tax on gasoline and diesel fuel, ranging from \$0.0895 per gallon in Alaska to \$0.629 per gallon sold in California. The federal government taxes gasoline at \$0.184 per gallon and diesel fuel at \$0.244 per gallon. Other road and highway funding comes from license fees, vehicle registration fees, tolls, general taxation, truck fees, title fees and other taxes and fees.

Similarly, metropolitan, county, and city governments might also impose taxes and fees for roads and transportation. These can involve property taxes, sales taxes, car registration fees, fuel taxes, or other taxes and fees.

Gasoline taxes, tolls, registration fees, and others are generally considered “user fees.” User fees are paid by drivers to support building, maintaining, and expanding the road and highway network they use. Sales taxes and property taxes, though often paid by drivers, are not considered user fees, as they are broad-based and not specific to the act of driving, registering or operating a motor vehicle.

Yet, as often the case with government programs and taxes, politicians may look toward user fees to divert transportation money to other purposes. Recently, lawmakers in many states have proposed, and enacted, many driver-related taxes and fees seeking to divert money to other purposes, like public transit and cycling, while unfunded needs and maintenance continue to grow.

## KEY INFORMATION COLUMN

*The federal excise gas tax is \$0.184 per gallon.*

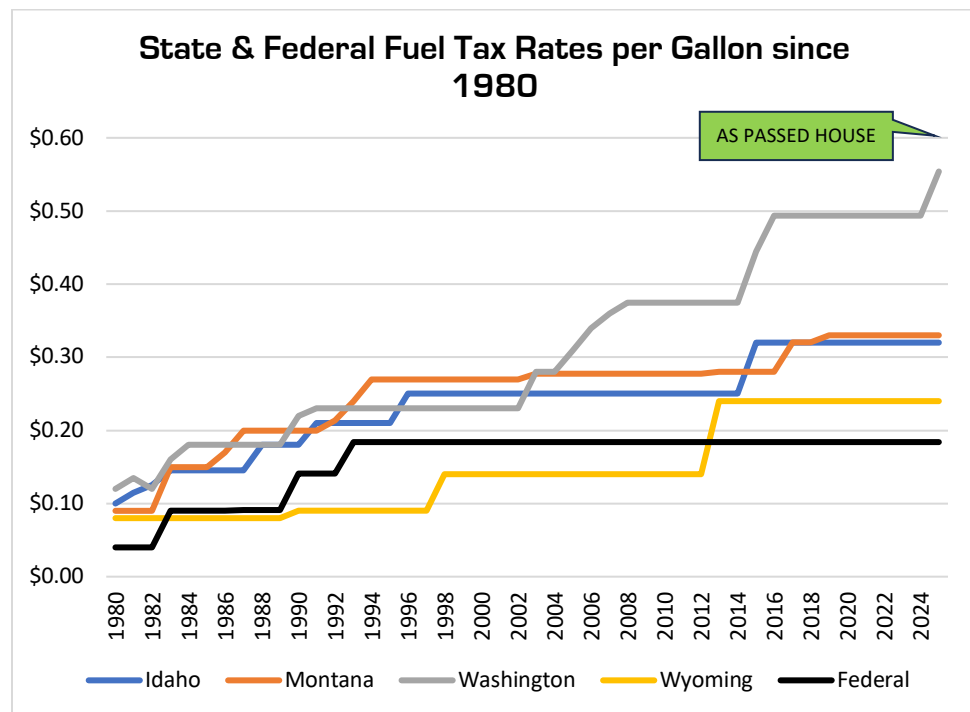
## Tax Rates & Revenue

In the Mountain States analyzed, the state excise tax on gasoline is as follows:

- ☐ Idaho, \$0.32 per gallon
- ☐ Montana, \$0.33 per gallon
- ☐ Washington \$0.554 per gallon
- ☐ Wyoming, \$0.24 per gallon

At \$0.32 per gallon, Idaho's gas tax represents about 10% of the cost of gas, while in Washington, the \$0.494 per gallon represents approximately nine percent of the cost.<sup>1</sup>

The federal excise gas tax is \$0.184 per gallon. Since 1980, lawmakers have increased the federal gas tax and Wyoming's gas tax three times, increased Idaho's seven times, increased Montana's eight times, and increased Washington state's 13 times, not including a recent proposal passed in the Washington House of \$0.06 per gallon or any additional increases due to the state's "cap and invest" carbon tax.

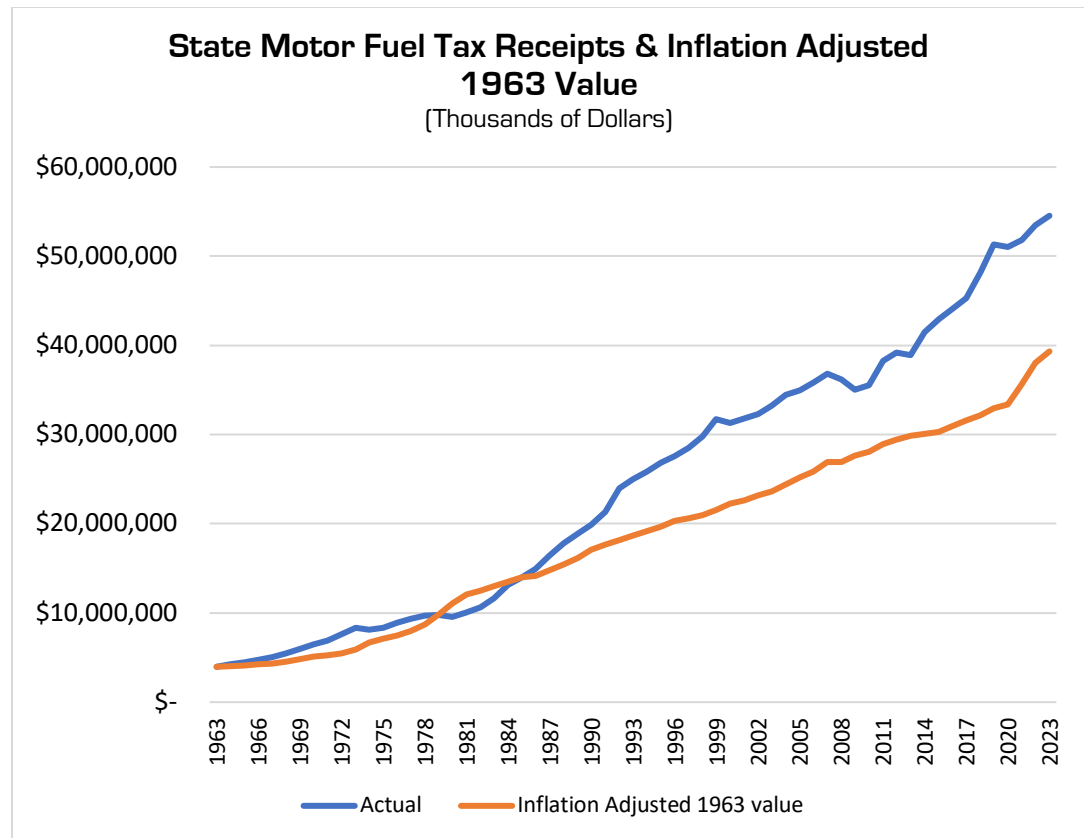


As lawmakers increased the fuel tax rates, more revenue was generated for highway accounts. Despite many public officials claiming gas tax revenue has not kept up with inflation, state gas tax revenues have soared far beyond, according to the U.S. Census Bureau.

<sup>1</sup> As of April 2025, Washington's average gas price was \$4.29 per gallon per AAA, Idaho's average price is \$3.32, Montana's average price is \$3.17, and Wyoming's average price is \$3.16.

## KEY INFORMATION COLUMN

*In all states analyzed state officials imposed license fees, vehicle registration fees, and other taxes on the ownership and operation of a motor vehicle.*



Additionally, one reason cited for potentially declining fuel tax revenues is the adoption of electric vehicles. Yet lawmakers in the Mountain States have already considered this, by imposing an annual \$140 electric vehicle fee in Idaho, \$130 annual fee in Montana, \$225 annually in Washington state, and \$200 annually in Wyoming, allaying concerns that EV's are not paying for their use of the road network.

### Other state and local driver fees

In all states analyzed state officials imposed license fees, vehicle registration fees, and other taxes on the ownership and operation of a motor vehicle. This section is meant for comparison purposes and does not encompass all fees imposed on drivers.

Idaho imposes an annual car registration fee based on the age of the vehicle, ranging from \$45 for vehicles older than seven years old up to \$69 for newer vehicles.<sup>2</sup> Counties in Idaho may impose county highway district fees, like in Ada County, which range from \$24 to \$40 based on the age of the vehicle.

<sup>2</sup> "Fact Sheet: Registering vehicles in Idaho," Idaho Department of Transportation, accessed on May 20, available at [https://itd.idaho.gov/wp-content/uploads/2020/06/Registration-Fact-Sheet\\_DMV.pdf](https://itd.idaho.gov/wp-content/uploads/2020/06/Registration-Fact-Sheet_DMV.pdf)

## KEY INFORMATION COLUMN

*Since the Great Recession, federal lawmakers have continued to spend more out of the Highway Trust Fund than it brings in, resulting in more than \$143 billion in bailouts to keep the fund solvent.*

Montana imposes an annual passenger car vehicle fee based on the age of the vehicle, at \$217 for cars 0-4 years old, \$87 for cars 5-10 years old, and \$28 for cars 11 years or older. Counties are also authorized to impose a discriminatory county vehicle tax based on the age and type of vehicle. For example, a 2-year-old SUV is taxed at 90% of MSRP while a two-year-old automobile is taxed at 80% of MSRP.<sup>3</sup>

Wyoming imposes an annual \$30 passenger car state vehicle fee and imposes a commercial vehicle fee based on weight. Counties in Wyoming may also levy additional fees, for example, a fee based on the MSRP of the vehicle.<sup>4</sup>

Washington state imposes a \$30 annual car registration fee, and two state fees based on the weight of the vehicle, along with filing fees. Counties, transportation benefit district areas may impose car registration fees up to \$100, and Sound Transit's taxing district may impose additional car tab fees based on the MSRP of the vehicle, with registration fees reaching in the hundreds, if not thousands, of dollars.<sup>5</sup>

### Federal Tax Revenue

The \$0.184 federal gas tax goes to fund the federal Highway Trust Fund, the primary fund for disbursement of road and highway money to states. Yet since the Great Recession, federal lawmakers have continued to spend more out of the Highway Trust Fund than it brings in, resulting in more than \$143 billion in bailouts to keep the fund solvent.<sup>6</sup> The Congressional Budget Office estimates an additional shortfall of \$241 billion over the next decade to keep the fund solvent. This means that general government taxes and deficit spending will likely continue to flow into the Highway Trust Fund.

Simultaneously, while not having enough money to cover highway spending alone, \$.0286 per gallon of the \$0.184 per gallon federal tax is diverted to the Mass Transit Account.

### Protection

Each of the Mountain States analyzed in this study have some form of constitutional protection against diverting gas taxes and fees to other purposes. Yet subtle differences and languages provide openings for diversion. Below are each of the four states' constitutional language as it pertains to driver-related

<sup>3</sup> "Light Vehicle Registration and Fees," Montana Motor Vehicle Division, accessed on May 20, available at <https://mvdmt.gov/vehicle-registration/light-vehicle-registration-and-fees/>

<sup>4</sup> "Vehicle Registration Fees," Teton County, Wyoming, accessed on May 20, available at <https://www.tetoncountywy.gov/444/Vehicle-Registration-Fees>

<sup>5</sup> "Funding regional transit," Sound Transit, accessed on May 20, available at <https://www.soundtransit.org/get-to-know-us/paying-regional-transit/regional-tax-information>

<sup>6</sup> "Congressional hearing highlights need for gas tax replacement," Reason Foundation, October 25, 2023, available at <https://reason.org/commentary/congressional-hearing-highlights-need-for-gas-tax-replacement/>

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fees and diversion. Note that some states allow for diversion under certain circumstances, for example, in Washington state, if the law states that a gas tax or fee is *not* intended for highway purposes, it may be diverted. In Montana, the legislature can divert protected fees for non-highway purposes.

In addition, other driver-related taxes, such as the carbon tax in Washington state, effectively tax gasoline at approximately \$0.43 per gallon to the cost of gas at the pump in 2023, but revenues are diverted to other programs.<sup>7</sup>

<b>Idaho – Article 7, Section 17</b>	<p><b>SECTION 17. GASOLINE TAXES AND MOTOR VEHICLE REGISTRATION FEES TO BE EXPENDED ON HIGHWAYS.</b></p> <p><i>On and after July 1, 1941 the proceeds from the imposition of any tax on gasoline and like motor vehicle fuels sold or used to propel motor vehicles upon the highways of this state and from any tax or fee for the registration of motor vehicles, in excess of the necessary costs of collection and administration and any refund or credits authorized by law, shall be used exclusively for the construction, repair, maintenance and traffic supervision of the public highways of this state and the payment of the interest and principal of obligations incurred for said purposes; and no part of such revenues shall, by transfer of funds or otherwise, be diverted to any other purposes whatsoever.</i></p>
<b>Montana – Article 8, Section 6</b>	<p><b>Section 6. HIGHWAY REVENUE NON-DIVERSION.</b></p> <p>(1) Revenue from gross vehicle weight fees and excise and license taxes (except general sales and use taxes) on gasoline, fuel, and other energy sources used to propel vehicles on public highways shall be used as authorized by the legislature, after deduction of statutory refunds and adjustments, solely for:</p> <p>(a) Payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges.</p> <p>(b) Payment of county, city, and town obligations on streets, roads, and bridges.</p> <p>(c) Enforcement of highway safety, driver education, tourist promotion, and administrative collection costs.</p> <p>(2) Such revenue may be appropriated for other purposes by a three-fifths vote of the members of each house of the legislature.</p>
<b>Washington – Article 2, Section 40</b>	<p><b>SECTION 40. HIGHWAY FUNDS</b></p> <p><i>All fees collected by the State of Washington as license fees for motor vehicles and all excise taxes collected by the State of Washington on the sale, distribution or use of motor vehicle fuel</i></p>

<sup>7</sup> “Washington’s CO2 tax ends the year at about 43 cents a gallon, but increases are coming,” Washington Policy Center, December 18, 2023, available at <https://www.washingtonpolicy.org/publications/detail/washingtons-co2-tax-ends-the-year-at-about-43-cents-a-gallon-but-increases-are-coming>

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	<p><i>and all other state revenue intended to be used for highway purposes, shall be paid into the state treasury and placed in a special fund to be used exclusively for highway purposes. Such highway purposes shall be construed to include the following:</i></p> <p><i>(a) The necessary operating, engineering and legal expenses connected with the administration of public highways, county roads and city streets;</i></p> <p><i>(b) The construction, reconstruction, maintenance, repair, and betterment of public highways, county roads, bridges and city streets; including the cost and expense of (1) acquisition of rights-of-way, (2) installing, maintaining and operating traffic signs and signal lights, (3) policing by the state of public highways, (4) operation of movable span bridges, (5) operation of ferries which are a part of any public highway, county road, or city street;</i></p> <p><i>(c) The payment or refunding of any obligation of the State of Washington, or any political subdivision thereof, for which any of the revenues described in section 1 may have been legally pledged prior to the effective date of this act;</i></p> <p><i>(d) Refunds authorized by law for taxes paid on motor vehicle fuels;</i></p> <p><i>(e) The cost of collection of any revenues described in this section:</i></p> <p><i>Provided, That this section shall not be construed to include revenue from general or special taxes or excises not levied primarily for highway purposes, or apply to vehicle operator's license fees or any excise tax imposed on motor vehicles or the use thereof in lieu of a property tax thereon, or fees for certificates of ownership of motor vehicles.</i></p>
<b>Wyoming – Article 15, Section 16</b>	<p><b>Sec. 16. Disposition of fees, excises and license taxes on vehicles and gasoline.</b> <i>No moneys derived from fees, excises, or license taxes levied by the state and exclusive of registration fees and licenses or excise taxes imposed by a county or municipality, relating to registration, operation or use of vehicles on public highways, streets or alleys, or to fuels used for propelling such vehicles, shall be expended for other than cost of administering such laws, statutory refunds and adjustments allowed therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways, county roads, bridges, and streets, alleys and bridges in cities and towns, and expense of enforcing state traffic laws.</i></p>

**Diversion and Vehicle Miles Traveled taxation**

For more than a decade states like Washington, Oregon and Utah have moved forward with pilot programs to tax VMT, vehicle-miles traveled, or the amount



people drive (another term used for this type is a RUC – a Road Usage Charge). Presumably, this would require either GPS monitoring, tracking and reporting or some kind of odometer reading. Boosters argue it is a fair way to pay for roads. Yet some lobbying groups and lawmakers want to use highway dollars for mass transit. Transit lobbyists like the Transportation Choices Coalition in Washington state say it wants an “Equitable Road Usage Charge” that is a “progressive user fee that could be used for multimodal transportation.”<sup>8</sup> They argue that the state’s constitution restricts gas taxes, so different taxes to replace them would be more “flexible.”

The Puget Sound Regional Council included a road usage charge in their official 30-year transportation plan. Their vision would also charge more per mile depending on when you drive, and the funds would be a large part of the costly rail program it envisions.<sup>9</sup>

Similarly, COMPASS in the Treasure Valley (Idaho), says a VMT tax has a “high revenue expectation.” In addition, their plan states an \$800 million rail line in the Treasure Valley is unfunded.

While a VMT tax has the potential to replace a fuel tax responsibly, policymakers should focus on the following areas to ensure taxpayers are protected should they desire a mileage tax:

- ☐ Taxpayers should not pay a fuel tax and a mileage tax concurrently, even with a refund mechanism
- ☐ A mileage tax should be a direct replacement of the gas tax, which means it is deposited into each state’s respective trust fund to be used for highway purposes only. A tax that is diverted to other purposes is not a replacement of the fuel tax
- ☐ Strict protections on GPS tracking or eschew GPS tracking altogether
- ☐ Costs to administer the program should be on-par with current fuel tax collection costs
- ☐ Taxes should not vary by time of day, road choice, or distance

### **Spending Results**

There are multiple ways to measure the performance of various aspects of the surface transportation system. Pavement condition, the state of bridges,

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<sup>8</sup> “The Future Takes Transportation: Why an Equitable Road Usage Charge is Key to Our Transportation Future,” Transportation Choices, March 21, 2024, available at <https://transportationchoices.org/the-future-takes-transportation-why-an-equitable-road-usage-charge-is-key-to-our-transportation-future/>

<sup>9</sup> “Regional Transportation Plan,” Puget Sound Regional Council, accessed on May 20, available at <https://www.psrc.org/planning-2050/regional-transportation-plan>

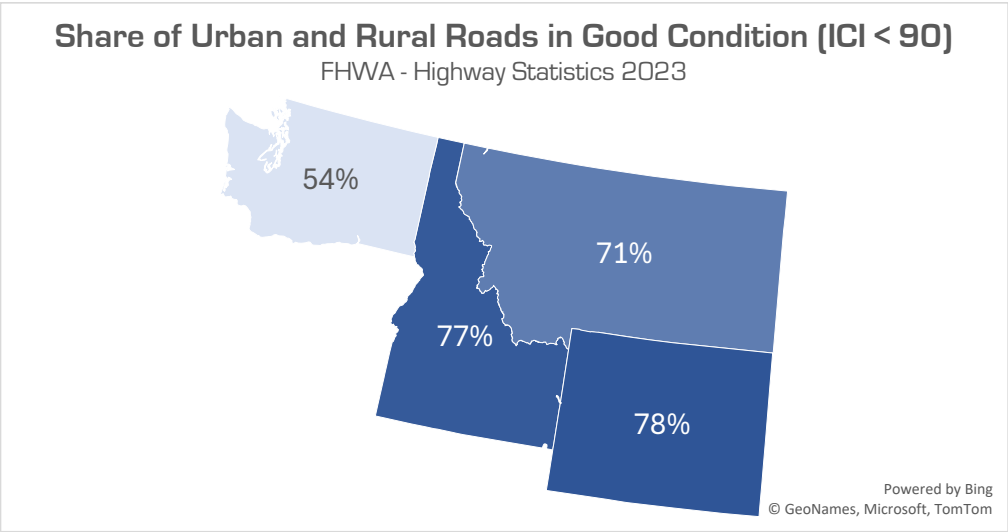


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*In terms of pavement condition in the Mountain States, Washington state has the lowest share of miles in good condition.*

cost, and traffic congestion are all crucial to the movement of people and goods around the Mountain States and the country.

In terms of pavement condition in the Mountain States, Washington state has the lowest share of miles in good condition with just 58% of road miles with an International Roughness Index (IRI) of less than 90, while Idaho, Montana and Wyoming having more than 70% of miles in good condition.<sup>10</sup>



Other groups, such as the American Society of Civil Engineers and the Reason Foundation also provide a comprehensive score for each states’ roads and bridges based on a variety of factors, including spending, safety, and traffic congestion.

Infrastructure Scores/Rankings - ASCE & Reason Foundation			
State	ASCE - Roads	ASCE - Bridges	Reason Foundation - Overall Rank
ID	C-	D	15
MT	C-	C-	16
WA	C-	C+	47
WY	C-	C-	12

In terms of traffic congestion, metropolitan areas in Washington state are also home to the most traffic delay. Seattle, WA ranked 10<sup>th</sup> in the nation for traffic delay in the INRIX 2024 Global Traffic Scorecard, with drivers losing 63 hours due to congestion.<sup>11</sup> Tacoma followed with 25 hours lost, while Boise ranked third in the Mountain States with 19 hours lost due to traffic jams last year.

<sup>10</sup> “Highway Statistics 2023,” Federal Highway Administration, Table HM-64, accessed 05/15/2025, at [www.fhwa.dot.gov/policyinformation/statistics/2023/](https://www.fhwa.dot.gov/policyinformation/statistics/2023/).  
<sup>11</sup> “INRIX 2024 Global Traffic Scorecard,” INRIX, accessed 05/15/2025, at [www.inrix.com/scorecard](https://www.inrix.com/scorecard).

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INRIX Scorecard Rankings				
State	Metro Area	US Ranking	Hours Lost	Cost of Congestion
WA	Seattle	10	63	\$1,128
WA	Tacoma	65	25	\$448
ID	Boise	89	19	\$340
WA	Spokane	106	17	\$304
MT	Missoula	171	14	\$251
MT	Bozeman	203	12	\$215

### Conclusion

Drivers in the Mountain States continue to pay more for the roads and transportation network they use, as evidenced by the latest gas tax and fee increases in Washington state. Despite paying more, many politicians and lobbying groups want to increase the tax burden on drivers through a VMT or RUC tax that is “more flexible” to avoid provisions in each states’ constitutions that protect drivers and freight movers.

The performance of the road network also languishes in the Mountain States in general. In Washington state, more specifically, drivers pay more in taxes yet have more traffic delays and, with the exception of the ASCE’s bridge score, lower rankings compared to the other Mountain States.

It has been nearly a century since the first gas tax was imposed on the traveling public, and for 100 years it has been used to benefit the traveling public, with constitutional protections to realize those benefits. Any exploration of a mileage-based fee, new tax on fuel, or special taxes and fees paid by drivers should be spent to directly improve personal and business travel on the state road network instead of indirectly through other modes like transit.

**Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.**

# SUMMARY & KEY FACTS

Highway funding in the Mountain States comes primarily from fuel taxes, vehicle fees, and federal transfers, but lawmakers increasingly divert these user fees to unrelated programs like mass transit, despite constitutional protections. As tax burdens rise through higher fuel taxes and potential vehicle-miles-traveled (VMT) fees, the condition and performance of roads often remain poor, especially in Washington state.

1. **Gas Taxes** – State gasoline excise taxes range widely, from \$0.24 per gallon in Wyoming to \$0.554 in Washington, in addition to the federal tax of \$0.184 per gallon.
2. **Revenue Diversion** – Despite constitutional provisions protecting gas tax revenue, states like Washington and Montana have mechanisms allowing funds to be redirected to non-highway uses.
3. **Vehicle Fees** – All states levy annual registration fees and other charges, with Washington imposing some of the nation's highest additional fees based on vehicle weight and MSRP.
4. **VMT Taxes** – Proposals to replace or supplement fuel taxes with mileage-based fees are advancing, raising privacy, cost, and fairness concerns.
5. **Road Performance** – Even with rising taxes and fees, Washington has the lowest share of roads in good condition (58%) and the highest congestion among Mountain States.

## ABOUT THE AUTHOR

Visiting Fellow Bob Pishue is based in Boise and is formerly a Transportation Analyst and head of Research at the global traffic data and analytics company INRIX.

Bob's research and analysis have been featured in key media outlets such as The Wall Street Journal, Fox News, CNN, BBC, Forbes, and The Washington Post, among others.

He has extensive experience in state and local transportation policy, and was formerly the Director of Transportation for Kemper Development Company, a prominent property developer in Washington state and was previously the Transportation Director at Washington Policy Center, a non-partisan free market think tank.

