

**Date:** February 10, 2026 | **Policy Analyst:** Rachel Brooks | **Prepared For:** Sen. Buss

## S.B. 247: Road Funding Amendments

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S.B. 247 increases the minimum average wholesale price of motor fuel (the floor) from \$1.78 to \$2.67, which will prevent the state gas tax from falling below its current rate of 37.9 cents per gallon. This will have the effect of increasing gas tax revenues to the Transportation Fund and other transportation funding accounts.

### Key Points

- Utah, along with the federal government and all other states, is collecting less gas tax revenue over time as vehicles become more fuel efficient, in internal combustion gas vehicles and due to adoption of electric and hybrid vehicles.
- The purchasing power of the gas tax has declined over time due to a stagnant federal gas tax rate and increased transportation costs, particularly labor and construction materials.
- Utah's gas tax rate is calculated based on a three-year rolling average of the wholesale price of fuel ("rack price")
- This bill sets a floor for the statewide average rack price per gallon of \$2.67.

## Background and Policy Analysis

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In 2015, Utah made significant changes to the state gas tax, establishing a "new gas tax" with [H.B. 362](#). This recalibrated gas tax allows the per gallon fuel tax rate to increase and decrease annually with the price of fuel (based on the statewide average wholesale price of fuel or "rack price") with a floor (minimum tax rate) and a ceiling (maximum tax rate).

In the [2023 General Session, H.B. 301](#) further modified the state gas tax. The key changes were:

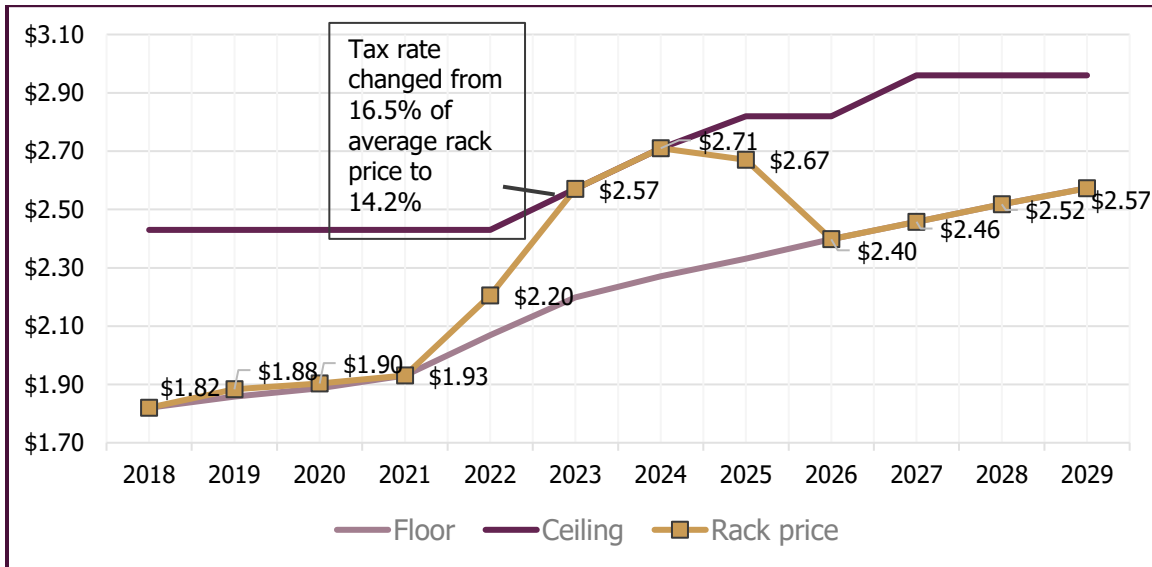
- Lowering the tax rate from 16.5% to 14.2% of the three-year average rack price
- Temporarily cut the tax rate from 36.4 cents per gallon (cpg) to 34.5 cpg for the period from July 1, 2023, to December 31, 2023
- Set a gradual increase in the tax rate by modifying the ceiling from 40 cents to:
  - 2024: 36.5 cpg (\$2.57/gallon)
  - 2025: 38.5 cpg (\$2.71/gallon)
  - 2026: 40 cpg (\$2.82/gallon)
  - 2028+: 42 cpg (\$2.96/gallon)

While H.B. 301 modified the ceiling and the tax rate, it did not adjust the floor. Therefore, while the ceiling was increased from \$2.43/gallon to the rates above, the minimum tax rate remained at \$1.78/gallon.

Beginning January 1, 2026, the state gas tax rate is 37.9 cpg, a decrease of 0.6 cents from 2025's 38.5 cpg. Since the gas tax rate is calculated based on a three-year rolling average of wholesale prices, high gas prices from a few years ago have now fallen out of the average, leading to a lower gas tax rate and resulting in less transportation funding.

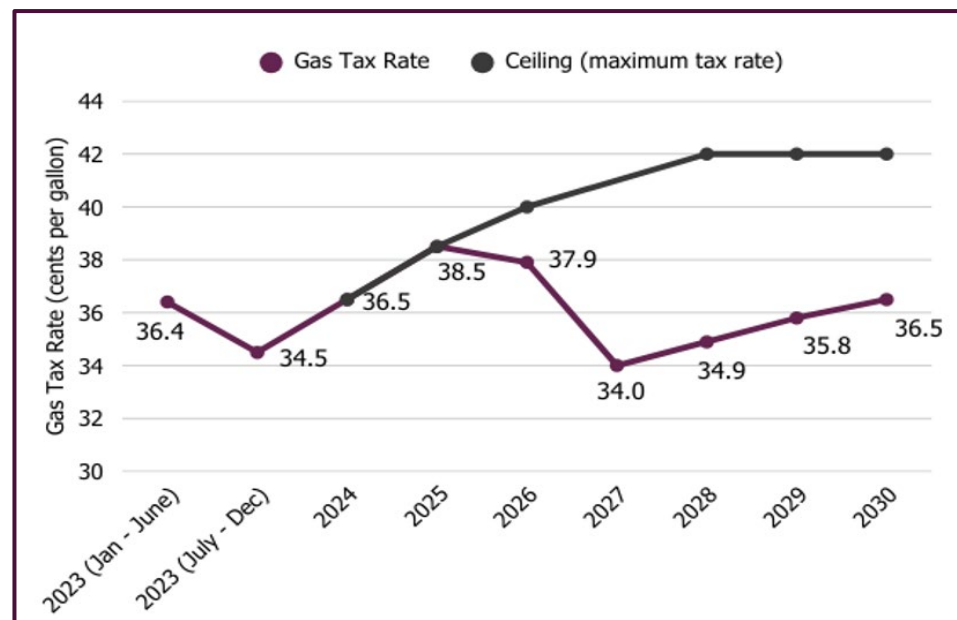
Forecasts for the next few years also predict the gas tax rate will be equal to the current floor as prices have fallen. Increasing the floor will generate additional revenue for the Transportation Fund.

### Forecasted Gas Prices, Ceiling, and Floor



Source: OLRGC based on Utah Code § 59-13-201 and projections from the Tax Commission, LFA, and GOPB.

### Forecasted Gas Tax Rate and Ceiling



Note: Gas tax rates for years 2027-2030 are estimates based on forecasts from S&P Global and Moody's as of September 9, 2025. These forecasts represent expectations as of the date the forecasts were made and are based on data available at the time the estimates were prepared. However, these forecasts are subject to a high degree of uncertainty given the volatility in gasoline prices and are not intended to represent a guarantee of future rack prices or gas tax rates.

Source: OLRGC based on Utah Code § 59-13-201 and projections from the Tax Commission, LFA, and GOPB.