

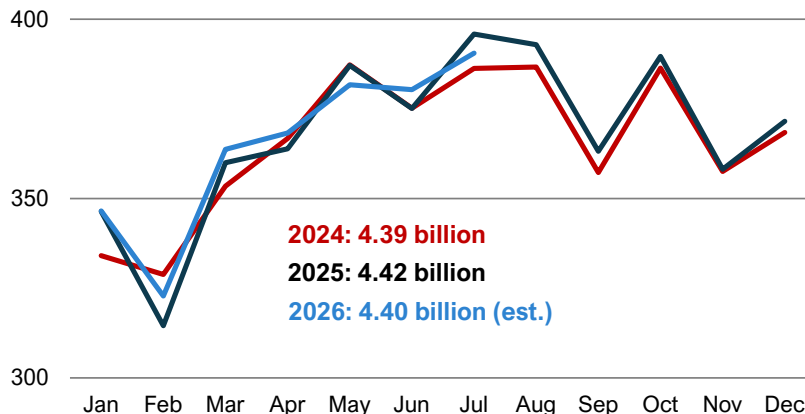
Drivers Unresponsive to High Gasoline Prices



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This brief provides an update on Pennsylvania gasoline and diesel fuel consumption. The figure displays monthly taxable gasoline consumption for calendar years 2024 to 2026 (2026 is through July, latest data available). For 2024 and 2025, annual consumption grew by 0.4% per annum, averaging 4.40 billion gallons per year. Through

PA Monthly Gasoline Consumption



Note: Millions of gallons.

Source: Pennsylvania Department of Revenue.

July 2026, data show that consumption was up another 0.4% from the same period in 2025. In March 2026, prices surged and the Philadelphia CPI-U for gasoline increased 34% for April to July relative to the prior year. However, the data show that drivers were largely unresponsive as gasoline consumption decreased by just 0.1% for those four months compared to the prior year.¹ Gross taxable diesel fuel sales (not shown) posted similar results, as prices increased by 46% from the prior year, but sales remained flat.²

Pennsylvania fuel taxes provide most revenues for the state Motor License Fund (MLF) which is used to construct and repair roads and bridges. Gasoline tax rates are computed by applying a statutory rate (in mills) to the average wholesale price (AWP) of fuel for the prior October to September and expressed on a cents per gallon basis. The statutory minimum (floor) AWP is \$2.99 per gallon, and the computed AWP has generally remained below that price since 2018.³ For 2026, the rate is 58.7 cents per gallon for gasoline. Due to stagnant consumption and no change in the tax rate, liquid fuels tax revenues have been subdued. In contrast, MLF licenses and fees (e.g., titles and registrations) are adjusted biennially for inflation (based on the Philadelphia CPI-U) and have increased. From FY 2021-22 to FY 2025-26:

- Liquid fuels taxes contracted by -0.3% per annum to \$1.73 billion.
- Licenses and fees revenues grew by 4.2% per annum to \$1.33 billion.
- Other motor revenue (primarily interest earned on MLF cash balances) increased substantially from \$10 million in FY 2021-22 to \$120 million in FY 2025-26. This \$110 million gain more than offset the decline in liquid fuels taxes (-\$18 million).
- These revenue trends reduced the share of MLF revenue generated by liquid fuels taxes from 60.6% in FY 2021-22 to 54.5% in FY 2025-26.
- Overall, MLF revenues increased by \$292 million, or \$73 million per annum.

For FY 2025-26, the MLF year-end cash balance was \$3.08 billion, more than \$1.0 billion higher than FY 2021-22 (\$2.04 billion).⁴ The accumulation was driven in part by the availability of increased surface transportation allotments under the federal Infrastructure Investment and Jobs Act (IIJA), which reduced the need of state funds for planned construction projects.

1 See: [Bureau of Labor Statistics, Consumer Price Index for Philadelphia-Camden-Wilmington](#).

2 See: [U.S. Energy Information Administration U.S. On-Highway Diesel Fuel Prices for the Central Atlantic Region](#).

3 An exception was calendar year 2023, with a computed AWP of \$3.17 per gallon.

4 See: [PA Treasury OpenBookPA](#). The MLF balance includes restricted as well as unrestricted funds.