

Fuel Tax

Until February of 2002, a fuel tax on aviation fuel and gasoline was the sole funding source for the Aeronautics Division. At that time, the State Legislature passed a bill that also dedicated the sales tax on automobile parking garages and lots at airports as additional funds for the Division. This should provide an annual increase of approximately \$250,000-\$350,000 for use on airport improvement projects.

Also included in the bill was a provision that transfers \$1,250,000 of the interest in the MDOT Treasury Fund to the Division in state fiscal years 2003 and 2004. These additional funds are to provide the airport owners in the state with their 10% share of federally funded airport improvements since they suffered a loss of revenue and income after September 11, 2001. This will ensure a continued stream of federal funds for maintaining and improving the public airports in the state.

Prior to the transfer of the additional funds, the Division provided one-half (5%) of the 10% local share of the 90% federally funded airport improvement projects.

For federal fiscal years 2004-2007, the FAA is funding 95% of the cost for the airport improvement projects. MDOT will provide one-half of the 5% local share (2.5%).

Fuel Taxes from 1961 to the present are as follows:

1961-1990	1/2 cent per gallon on jet fuel 1 cent per gallon on aviation fuel
1991-2001	5.25 cents per gallon on jet fuel 6.40 cents per gallon on aviation fuel 1 cent per gallon on gasoline used for aviation purposes
2002-present	5.25 cents per gallon on jet fuel 6.40 cents per gallon on aviation fuel 1 cent per gallon on gasoline used for aviation purposes 7 percent sales tax on airport parking

The following is the revenue generated from these fuel taxes:

1961-1965	\$50,000 - \$90,000
1966-1990	\$100,000 - \$200,000
1991-2003	\$1,000,000 - \$1,800,000

