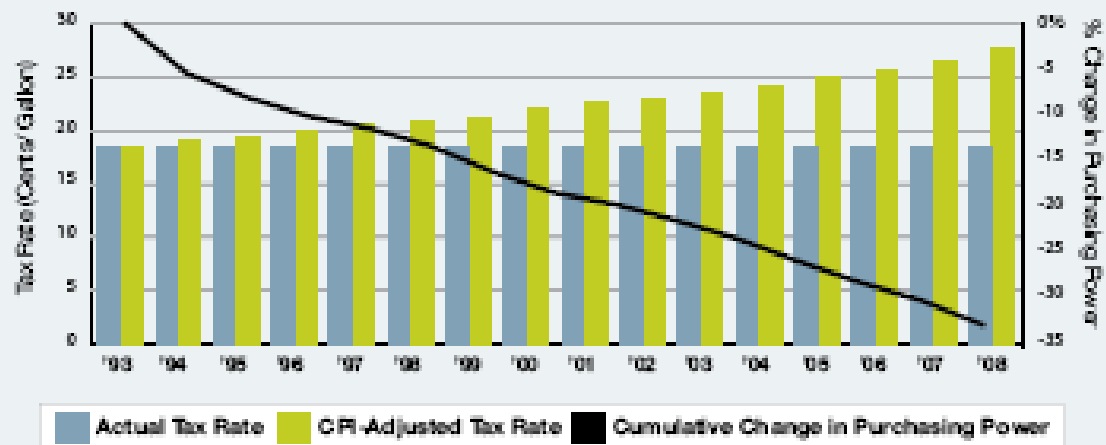


EXHIBIT 2-9: FEDERAL GASOLINE TAX RATE AND LOSS IN PURCHASING POWER



Source: FHWA 2006 Highway Statistics, Table FE-21B, indexed using CPI-U as reported by the Bureau of Labor Statistics.

In order to help maintain the purchasing power of the fuel tax receipts, the tax rates would need to be indexed to a measure of inflation. Exhibit 2-9 illustrates that if the federal gas tax rate of 18.4¢ per gallon had been indexed using the Consumer Price Index for all Urban Consumers (CPI-U) beginning in 1993, the tax rate in 2008 would be 27.5¢ per gallon. By not adjusting the tax rate for general inflation, gas tax receipts have experienced a cumulative loss in purchasing power of about 33 percent over the last 15 years.

A common misconception is that increases in vehicle fuel efficiency also have led to declines in motor fuel tax purchasing power in the last 15 years. In reality, vehicle fuel efficiency increased rapidly from the mid-1970s to the mid-1980s, then declined moderately from 1987 to 2004, and only started to increase again in 2005. In fact, the average fuel efficiency of new 2008 light-duty vehicles (20.8 miles per gallon (MPG)) is still 1.2 MPG lower than the peak reached in 1987 (22.0 MPG).²⁹ (Light-duty vehicles category includes automobiles, sport utility vehicles, vans, and pickup trucks.)