

## **STATEMENT OF EMERGENCY**

### **103 KAR 043:341E**

This emergency administrative regulation is being promulgated pursuant to KRS 13A.190(1)(a)(1), KRS 11.065, KRS 12.020, KRS 12.040, KRS 12.250, KRS 12.270, KRS 42.012, KRS 45.301, KRS 131.020; 131.130, and KRS 138.226, in order to meet an imminent threat to the public health, safety, or welfare.

The Department of Revenue reports that beginning July 1, 2026, and ending June 30, 2027, the annual survey value that sets the average wholesale price of gasoline in the Commonwealth of Kentucky is indicating a gas tax increase. Current projections indicate the increase will raise the gas tax and diesel fuel tax in Kentucky by an estimated six-tenths of a penny (\$0.006), costing Kentuckians about \$1.7 million per month.

This gas hike would come at a time when Kentuckians are facing significantly higher prices at the gas pump, on top of other rising costs affecting citizens' daily lives. The Federal Reserve's inflation gauge reached its highest mark in nearly three years, and oil prices hit a four-year high last week, continuing to spike gas prices.

The Automobile Association of America ("AAA") reports, as of May 5, 2026, the average price of gas in Kentucky was \$4.28 per gallon, up from \$3.91 per gallon a month ago and \$2.86 the year before. The average price for Kentucky reached \$4.98 per gallon in April. Louisville's gas prices jumped nearly 35 cents within the past week and media there reported in April that some gas stations saw prices rise nearly 40 cents overnight.

The AAA national average gas price was \$4.48 per gallon May 5, 2026 – up from \$2.98 per gallon before the war in Iran began. That national average rose more than 38 cents within the past week, with the May 5, 2026 average up from \$4.11 the month before and \$3.16 the previous year. The war in Iran has intensified the concerns of petroleum analysis experts about prolonged disruptions to global oil flows that will keep markets on edge. Oil prices hit a wartime and four-year high on April 30, 2026, continuing to spike gas prices. This emergency administrative regulation will last until the end of the war in Iran or when gas prices drop below \$3.00 per gallon, whichever occurs later in time.

Freezing the average wholesale price of gasoline and the annual survey value at the current rate to ensure the State gas tax will not increase on or after July 1, 2026, will help protect Kentuckians from the harm a higher gas tax would bring on top of other negative effects of rising inflation. The State gas tax will remain at 26.4 cents (\$0.264) per gallon, and the State tax on diesel fuel and other special fuels will remain at 23.4 cents (\$0.234) per gallon.

Under KRS 138.226, the Department of Revenue shall administer the taxes provided under KRS 138.210 to 138.490 and may prescribe and adopt administrative regulations relating to the administration of those taxes. KRS 131.130 authorizes the Department of Revenue to promulgate administrative regulations for the administration of all tax laws of the Commonwealth.

This administrative regulation must be filed as soon as possible to protect Kentuckians from the increase in the gas tax on July 1, 2026, and to provide notification of the average wholesale price of gasoline and special fuels to dealers licensed in the

Commonwealth of Kentucky. Under KRS138.220(4), the Department of Revenue must notify licensed dealers at least 20 days in advance of July 1, 2026.

This emergency administrative regulation will not be replaced by an ordinary administrative regulation as future market conditions may affect the necessity of an administrative regulation. This emergency administrative regulation will last until the end of the war in Iran or when gas prices drop below \$3.00 per gallon, whichever occurs later.

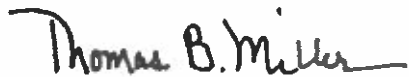
5/5/2026

Date

5/5/2026

Date

  
\_\_\_\_\_  
Andy Beshear, Governor

  
\_\_\_\_\_  
Thomas B. Miller,  
Commissioner Department  
of Revenue  
Finance and Administration Cabinet

1 FINANCE AND ADMINISTRATION CABINET

2 Department of Revenue

3 (Emergency Administrative Regulation)

4 103 KAR 043:341E. Excise taxes on gasoline and special fuels; average wholesale  
5 price of gasoline and annual survey value.

6 RELATES TO: KRS 131.020; KRS 131.130; KRS 138.210; 138.220; 138.226;  
7 138.228; 138.290.

8 STATUTORY AUTHORITY: KRS 11.065; KRS 12.020; KRS 12.040, KRS 12.050;  
9 KRS 12.250; KRS 12.270; KRS 42.012; KRS 45.301; KRS 131.020; KRS 131.130; KRS  
10 138.210; 138.220; 138.226; 138.228.

11 CERTIFICATION STATEMENT:

12 NECESSITY, FUNCTION, AND CONFORMITY: KRS 138.226 provides that the  
13 Department of Revenue shall administer the taxes provided under KRS 138.210 to  
14 138.490 and authorizes the Department of Revenue to prescribe and adopt administrative  
15 regulations relating to the administration of those taxes. The department determines and  
16 adjusts the average wholesale price of gasoline rounded to the nearest one-tenth of one  
17 cent (\$0.001) used for calculating the excises taxes imposed under KRS 138.220 to be  
18 paid by a dealer receiving gasoline or special fuel. This emergency administrative  
19 regulation establishes the average wholesale price of gasoline as determined by the  
20 department effective July 1, 2026, and is being promulgated in order to meet an imminent

1 threat to the public health, safety, or welfare.

2 Section 1. Definitions.

3 (1) "Annual survey value" has the same meaning as provided under KRS 138.210(3)

4 (2) "Average wholesale price" has the same meaning as provided under KRS  
5 138.210(4).

6 (3) "Dealer" has the same meaning as provided under KRS 138.210(6).

7 (4) "Gasoline" has the same meaning as provided under KRS 138.210(11).

8 (5) "Received" has the same meaning as provided under KRS 138.210(15).

9 (6) "Special fuels" has the same meaning as provided under KRS 138.210(18).

10 Section 2. Average wholesale price of gasoline and annual survey value. Effective  
11 July 1, 2026, the average wholesale price of gasoline and the annual survey value under  
12 KRS 138.228 shall be two dollars and twenty-two and seven-tenths cents (\$2.227) per  
13 gallon, which is the average wholesale price of gasoline and the annual survey value for  
14 fiscal year 2025-2026.

15 Section 3. Excise taxes on gasoline. Effective July 1, 2026, the excise tax imposed  
16 under KRS 138.220 on gasoline, including liquified petroleum, received in this State shall  
17 be twenty cents (\$0.20) per gallon, which is the excise tax on gasoline, including liquified  
18 petroleum in effect during fiscal year 2025-2026. When combined with the five cents  
19 (\$0.05) per gallon supplemental highway user motor fuel tax and the one point four cents  
20 (\$0.014) per gallon petroleum environmental assurance fee, the total state tax on gasoline  
21 is twenty-six and four-tenths cents (\$0.264) per gallon.

22 Section 4. Excise taxes on diesel fuel and other special fuel. Effective July 1, 2026,  
23 the excise tax imposed under KRS 138.220 on special fuel received in this State shall be

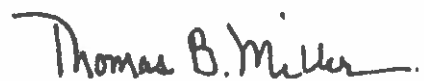
1 twenty cents (\$0.20) per gallon, which is the excise tax on special fuel in effect during  
2 fiscal year 2025-2026 during fiscal year 2025-2026. When combined with the two cents  
3 (\$0.02) per gallon supplemental highway user motor fuel tax and the one point four cents  
4 (\$0.014) per gallon petroleum environmental assurance fee, the total state tax on special  
5 fuel is twenty-three cents and four-tenths cents (\$0.234) per gallon.

6 Section 5. Relief from penalties. No dealer shall be found in violation of the reporting  
7 requirements under KRS 138.240 to 138.260, or subject to the civil penalties imposed  
8 under KRS 138.290, for computing and reporting the gasoline and special fuel tax and  
9 supplemental highway user motor fuel tax imposed under KRS 138.220 in accordance  
10 with this regulation.

11 Section 6. This emergency administrative regulation shall last until the end of the Iran  
12 war or when gas prices drop below \$3.00 per gallon, whichever occurs later in time.

103 KAR 043:341E

APPROVED BY AGENCY:

Handwritten signature of Thomas B. Miller in black ink.

---

Thomas B. Miller, Commissioner  
Department of Revenue  
Finance and Administration Cabinet

5/5/2026

DATE

## PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on June 24, 2026, at 10:00 a.m., at 501 High Street, 11<sup>th</sup> Floor Conference Room, Frankfort, KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through June 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

**CONTACT PERSON:** Gary Morris, Executive Director, Office of Tax Policy and Regulation, 501 High Street, Station 1, Frankfort, KY 40601, Telephone: (502) 564-0424, [Gary.Morris@ky.gov](mailto:Gary.Morris@ky.gov), Fax: (502) 564-9565.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No. 103 KAR 043:341E

Contact Person: Gary C. Morris  
Phone: (502) 564-0424  
Email: Gary.Morris@ky.gov

Subject Headings: Finance and Administration; Taxation; Fuel

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation sets forth the average wholesale price of gasoline to be used in the computation of the State excise taxes on gasoline and special fuels imposed under KRS 138.220.

(b) The necessity of this administrative regulation: The Kentucky Department of Revenue reports that beginning July 1, 2026, and ending June 30, 2027, the annual survey value that sets the average wholesale price of gasoline in the Commonwealth of Kentucky is indicating a gas tax increase. Although the final survey results will not be final until May, the current projections indicate the increase will raise the gas tax in Kentucky by an estimated sixth-tenths of a cent (\$0.006), taking the tax from 26.4 cents (\$0.264) to 28.4 cents (\$0.27) per gallon. It would also raise the tax on diesel fuel from 23.4 cents (\$0.234) to 26 cents (\$0.26) per gallon.

This gas hike would come at a time when Kentuckians are facing significantly higher prices at the gas pump, on top of other rising costs affecting citizens' daily lives. According to the Automobile Association of America ("AAA"), as of April 15, 2026, the average price of gas in Kentucky was \$4.98 per gallon, up from \$3.33 per gallon a month ago, and \$2.80 a year ago. The AAA national average gas price was \$4.11 on April 15, 2026, up from \$3.70 the month before. On April 7, Louisville media reported that some gas stations saw prices jump nearly 40 cents overnight. Recent escalations between the United States and Iran have intensified the concerns of petroleum analysis experts about prolonged disruptions to global oil flows that will keep markets on edge.

Freezing the average wholesale price of gasoline and the annual survey value at the current rate to ensure the State gas tax will not increase on or after July 1, 2026, will help protect Kentuckians from the harm a higher gas tax would bring on top of other negative effects of rising inflation. The State gas tax will remain at 26.4 cents (\$0.264) per gallon, and the State tax on diesel fuel and other special fuels will remain at 23.4 cents (\$0.234) per gallon. The Department of Revenue anticipates the freeze of the state gas tax will be necessary until mid-January of 2027, when the General Assembly convenes 2027 regular session. This emergency administrative regulation is being promulgated pursuant to KRS 13A.190(1)(a)(1) and KRS 138.226 in order to meet an imminent threat to the public health, safety, or welfare.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 138.226 authorizes the Department of Revenue to prescribe, adopt, and enforce administrative regulations relating to the administration of the taxes provided under KRS 138.210 to 138.490. KRS 131.130 authorizes the Department of Revenue to

promulgate administrative regulations for the administration of all tax laws of the Commonwealth. Under KRS 42.012, the Secretary of the Finance and Administration Cabinet is the chief financial officer of the Commonwealth and the adviser of the Governor in financial matters, and must at all times protect the financial interests of Kentucky.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: The Department of Revenue determines and adjusts the average wholesale price of gasoline rounded to the nearest one-tenth of one cent (\$0.001) used for calculating the excises taxes imposed under KRS 138.220 to be paid by a dealer receiving gasoline or special fuel. This administrative regulation establishes the average wholesale price of gasoline as determined by the department effective July 1, 2026.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

- (a) How the amendment will change the existing administrative regulation: n/a.
- (b) The necessity of the amendment to this administrative regulation: n/a
- (c) How the amendment conforms to the content of the authorizing statutes: n/a
- (d) How the amendment will assist in effective administration of the statutes: n/a

(3) Does this administrative regulation or amendment implement legislation from the previous five years? No.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation affects dealers receiving gasoline or special fuel who pass the tax on to consumers purchasing gasoline or special fuel. While dealers will be affected in that they will continue to compute, report, and pay tax using the current average wholesale price, consumers purchasing gasoline and special fuels will be affected most significantly because the excise taxes imposed under KRS 138.220 and passed to consumers will not increase on July 1, 2026.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Dealers will continue to compute, report and pay tax based upon the current average wholesale price of gasoline.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This administrative regulation will not require dealers to incur any additional costs.

(c) As a result of compliance, what benefits will accrue to the entities identified in

question (4): Compliance with this administrative regulation will allow dealers to keep the price of gasoline lower because the State tax on gas will be computed using the current average wholesale price.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: The Department of Revenue will not incur any additional costs to implement this administrative regulation initially or on a continuing basis.

(b) On a continuing basis: (please see the response to (5)(a))

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: n/a

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: n/a

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) Tiering was not applied; all dealers in the Commonwealth of Kentucky will compute, report, and pay the tax on gasoline and special fuel in the same manner.

## FISCAL NOTE

Regulation No. 103 KAR 043:341E

Contact Person: Gary C. Morris

Phone: (502) 564-0424

Email: Gary.Morris@ky.gov

- (1) Identify each state, federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 138.226 authorizes the Department of Revenue to prescribe and adopt administrative regulations relating to the administration of the excise taxes imposed under KRS Chapter 138 on gasoline and special fuels received by dealers.
- (2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 39A.180(2)(b); 138.226; 138.220(1)(a); (4).
- (3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The Finance and Administration Cabinet, Department of Revenue, Office of Sales and Excise Tax, Transportation Cabinet. This administrative regulation sets forth the average wholesale price of gasoline to be used in the computation of the State excise taxes on gasoline and special fuels imposed under KRS 138.220.
  - (b) Estimate the following for each affected state unit, part, or division identified in (3)(a):
    1. Expenditures: The Department of Revenue does not anticipate any additional expenditures.
      - For the first year: N/A
      - For subsequent years: N/A
    2. Revenues:
      - For the first year: \$19,500,000
      - For subsequent years: \$19,500,000
    3. Cost Savings: The Department of Revenue does not anticipate any cost savings.
      - For the first year: N/A
      - For subsequent years: N/A
- (4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): Any municipalities receiving funds from the Transportation Cabinet will be impacted by this administrative regulation. This administrative regulation sets forth the average wholesale price of gasoline to be used in the computation of the State excise taxes on gasoline and special fuels imposed under KRS 138.220.
  - (b) Estimate the following for each affected local entity identified in (4)(a):
    1. Expenditures:
      - For the first year: N/A
      - For subsequent years: N/A
    2. Revenues: N/A

For the first year:

For subsequent years:

3. Cost Savings: The Department of Revenue does not anticipate any cost savings to municipalities.

For the first year: N/A

For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): N/A

(b) Estimate the following for each regulated entity identified in (5)(a): N/A

1. Expenditures:

For the first year:

For subsequent years:

2. Revenues:

For the first year:

For subsequent years:

3. Cost Savings:

For the first year:

For subsequent years:

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation freezes the State tax on gasoline and special fuels to 26.4 cents and 23.4 cents respectively, per gallon, effective July 1, 2026, which is the current excise tax on gasoline and special fuels. Revenue generated through was \$534,346,140 during fiscal year 2025-2026 (through February).

(b) Methodology and resources used to reach this conclusion: Current Motor Fuel Tax receipts.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14): This administrative regulation will have a major economic effect. Freezing the gas tax through an emergency administrative regulation promulgated by the Kentucky Department of Revenue, keeping it from automatically increasing on July 1, 2026, should save Kentuckians about \$1.7 million per month.

(b) The methodology and resources used to reach this conclusion: The Iran war continues and the Strait remains either closed or traffic has been dramatically reduced. The President's and Vice President's negotiations to reopen the Strait have failed. The President now says the conflict may continue

indefinitely. Experts suggest even once over, it may take six months to remove damaging mines in the Strait.

The President's conflict has resulted in the Federal Reserve's inflation gauge reaching its highest mark in nearly three years, and oil prices hitting a wartime and four-year high last week. According to the Automobile Association of America ("AAA"), as of May 5, 2026, the average price of gas in Kentucky was \$4.28 per gallon, up from \$2.86 the year before. The average price for Kentucky reached as high as \$4.98 per gallon in April. Louisville's gas prices jumped nearly 35 cents within the past week and media there reported in April that some gas stations saw prices rise nearly 40 cents overnight.

The AAA national average gas price was \$4.48 per gallon on May 5, 2026 – up from \$2.98 per gallon before the war in Iran began. That national average rose more than 38 cents within the past week, with the May 5<sup>th</sup> average up from \$4.11 the month before and \$3.16 the previous year.

This administrative regulation will have a positive economic impact on citizens of the Commonwealth of Kentucky because the taxes on gasoline and special fuels will remain constant at 26.4 cents per gallon on gasoline, including liquified petroleum, and 23.4 cents per gallon on diesel and other special fuels. This administrative regulation will not have an overall negative or adverse economic impact.



[Subscribe](#)
[About AAA](#)
[Join AAA](#)
[Visit AAA](#)
[Contact Us](#)



[GAS PRICES](#) ▾
 [EV CHARGING PRICES](#)
[GAS COST CALCULATOR](#)
[NEWS](#) ▾
 [TOP TRENDS](#)

**NEWS:** Oil Prices Spike, National Average Up Nearly 30 Cents in One Week [Read more »](#)

## NATIONAL AVERAGE GAS PRICES <sup>i</sup>

	Regular	Mid-Grade	Premium	Diesel	E85
Current Avg.	\$4.483	\$4.967	\$5.341	\$5.659	\$3.627
Yesterday Avg.	\$4.457	\$4.936	\$5.311	\$5.641	\$3.515
Week Ago Avg.	\$4.176	\$4.674	\$5.047	\$5.461	\$3.307
Month Ago Avg.	\$4.110	\$4.620	\$4.988	\$5.610	\$3.235
Year Ago Avg.	\$3.165	\$3.633	\$3.991	\$3.532	\$2.591

### HIGHEST RECORDED AVERAGE PRICE

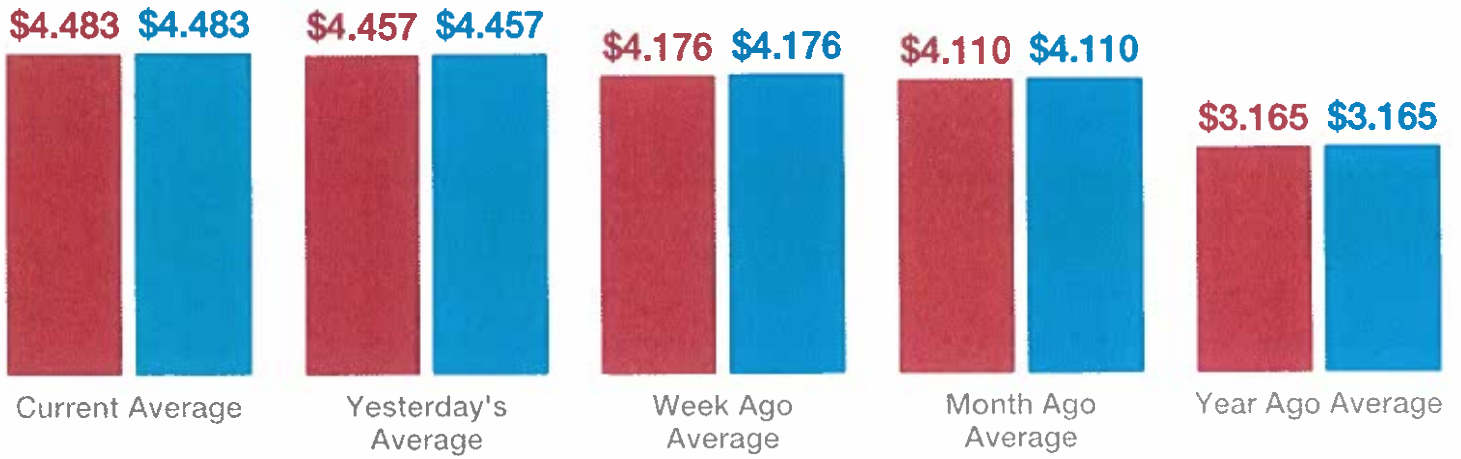
	Price	Date
Regular Unleaded	\$5.016	6/14/22
Diesel	\$5.816	6/19/22

### STATE GAS PRICES <sup>i</sup>

National ▾

[View State Prices](#)

Location **National** ▼ **National** ▼ Gas **Reg** Mid Prem Diesel



© 2025 AAA Fuel Prices • All Rights Reserved • [Contact](#) • [Privacy Policy](#) • [Subscribe](#)



[Subscribe](#)
[About AAA](#)
[Join AAA](#)
[Visit AAA](#)
[Contact Us](#)



- [GAS PRICES ▾](#)
- [EV CHARGING PRICES](#)
- [GAS COST CALCULATOR](#)
- [NEWS ▾](#)
- [TOP TRENDS](#)

**NEWS:** Oil Prices Spike, National Average Up Nearly 30 Cents in One Week [Read more »](#)

## KENTUCKY AVERAGE GAS PRICES <sup>i</sup>

	Regular	Mid-Grade	Premium	Diesel
Current Avg.	\$4.281	\$4.830	\$5.259	\$5.329
Yesterday Avg.	\$4.236	\$4.788	\$5.208	\$5.295
Week Ago Avg.	\$3.974	\$4.513	\$4.938	\$5.105
Month Ago Avg.	\$3.912	\$4.443	\$4.870	\$5.173
Year Ago Avg.	\$2.856	\$3.381	\$3.788	\$3.230

### HIGHEST RECORDED AVERAGE PRICE

	Price	Date
Regular Unleaded	\$4.798	6/11/22
Diesel	\$5.851	6/20/22

### KENTUCKY METRO AVERAGE PRICES <sup>i</sup>

Sort A-Z ▼

Expand all | Collapse all



Bowling Green



Covington



Elizabethtown-Fort Knox



Henderson



Hopkinsville



Huntington-Ashland (KY only)



Lexington



Louisville (KY only)



Owensboro



STATE GAS PRICES

Kentucky



[View State Prices](#)

COMPARE STATES

Location

Kentucky



National



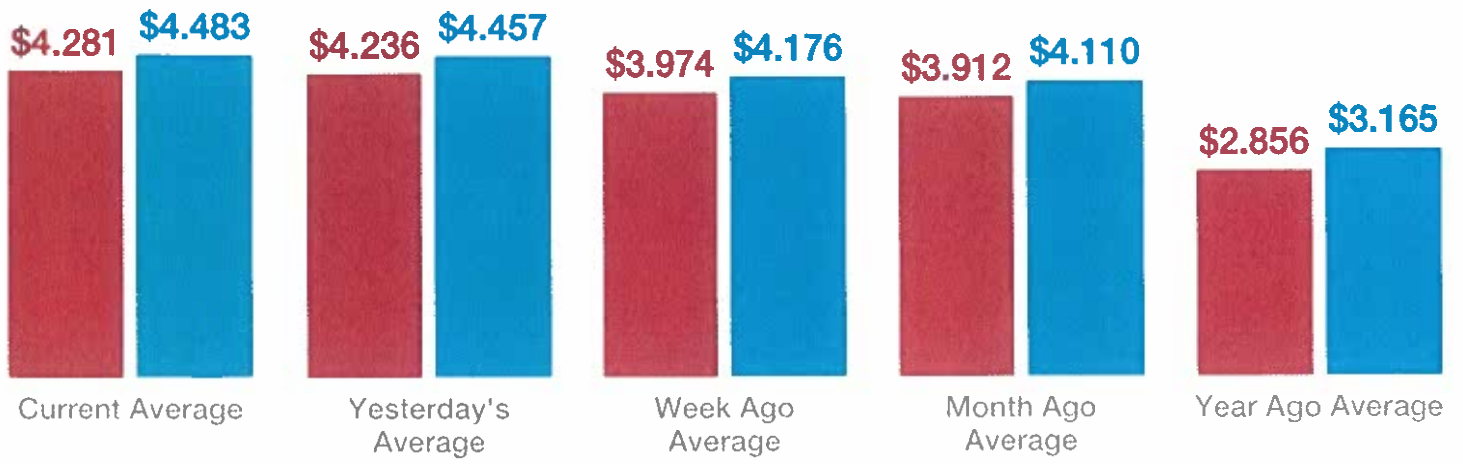
Gas

Reg

Mid

Prem

Diesel



© 2025 AAA Fuel Prices • All Rights Reserved • [Contact](#) • [Privacy Policy](#) • [Subscribe](#)