WHAT IS THE HIGHWAY TRUST FUND?

IT’S PRETTY STRAIGHTFORWARD

The Highway Trust Fund is a supply of money that pays for the country’s Interstate highways and other roads, bridges, and public transit systems – the heart of our surface transportation system.

By keeping our transportation infrastructure modern and efficient, the Highway Trust Fund helps improve national mobility and grow our economy.

WHERE DOES THIS MONEY COME FROM?

Drivers pay a federal gas tax that acts as a user fee, which helps pay for road upkeep.

WHO DECIDES WHERE THE MONEY GOES?

While the tax is collected by the federal government, all gas tax payments are allocated to individual states that hold the power to decide how the money is spent.
IMPACT ON YOU

WHAT DOES THE HIGHWAY TRUST FUND PAY FOR?

1. Interstate highway construction and maintenance

2. Safety improvements like stronger guardrails and better lighting

3. Building and maintaining bridges and roads

4. Safety research and program development

5. Public Transportation

6. Advanced technologies to reduce congestion
A LITTLE HISTORY

HOW DID WE ARRIVE AT TODAY’S CURRENT SITUATION?

The federal government imposes a one-cent excise tax per gallon of gasoline to help reduce the deficit.

**TAX PER GALLON**

$0.01

**1932**

The Federal-Aid Highway Act is implemented to fund construction of the Interstate System and permit long-term spending. This law creates the Highway Trust Fund and the fuel tax is set at three cents.

**TAX PER GALLON**

$0.03

**1956**
The tax is increased by five cents per gallon. (nine cents)

The tax is increased by 4.4 cents per gallon. (18.4 cents)

The federal government increases the tax by one-cent per gallon. (four cents)
OUR CURRENT PROBLEM

SO WHAT’S BEEN HAPPENING SINCE 1993?

Costs have continued increasing and Congress has done nothing.

THE GAS TAX HAS LOST ALMOST 40 PERCENT OF ITS PURCHASING POWER

Still set at 18.4 cents per gallon of gasoline, the fuel tax has a drastically lower purchasing power than it did in 1993.

WHAT ARE THE IMPLICATIONS?

Since 2008, the federal government has regularly scrambled to provide the Highway Trust Fund with enough money to get by in the short-term without coming up with a long-term solution to fix a perpetually draining fund.

IF CONGRESS HASN’T ACTED TO KEEP THE HIGHWAY TRUST FUND SOLVENT IN THE LONG-TERM, THEN HOW HAVE TAXPAYERS FUNDED NEEDED TRANSPORTATION MAINTENANCE AND IMPROVEMENT?
THE SHORT-TERM SOLUTION: BORROWING GOVERNMENT MONEY

TIMELINE: A TOTAL OF $64.1 BILLION OF BORROWED MONEY

2008
$8 BILLION
Law: To Amend the Internal Revenue Code of 1986 to Restore the Highway Trust Fund Balance

2009
$7 BILLION
Law: To restore sums to the Highway Trust Fund

2010
$19.5 BILLION
Law: Hiring Incentives to Restore Employment Act

2013
$6.2 BILLION
Law: Moving Ahead for Progress in the 21st Century Act

2014
$23.4 BILLION
Law: Moving Ahead for Progress in the 21st Century Act - MAP-21 Extend

The latest short-term funding expires in May 2015
HOW DID WE GET HERE?

WHY HAS THE HIGHWAY TRUST FUND ERODED?

1. Congress didn’t peg the fuel tax to inflation
2. Vehicles are more fuel-efficient
3. Increasing need for road repair
4. Rising construction costs
5. Reduction in annual miles driven
6. An aging system

(Sources: Department of Transportation, FHWA, FTA)
How can this system be fixed?

One way is by raising the fuel tax.

Why is this the best immediate option?

1. It has served Americans well as a user fee for decades.
2. It is simple to collect and can be done immediately with no additional collection costs.
3. It is fair: Those who use the roads pay for better and safer roads.
HOW WILL FIXING THE FUND BENEFIT YOU?

Increasing the federal gas tax produces real-world benefits for the average motorist.

SAVE ON VEHICLE REPAIRS

$324
per year in vehicle repairs

The average driver currently spends $324 per year in vehicle repairs and operating costs due to poor road conditions.

CUT THE COSTS OF CONGESTION

5.5 + 2.9
billion hours billion gallons of gas

In 2011, Americans wasted a total of 5.5 billion hours and 2.9 billion gallons of gas stuck in traffic. Those numbers are projected to rise to 8.4 billion hours and 4.5 billion gallons in 2020.

PROTECT THE ECONOMY

877,000
jobs at risk

877,000 jobs are at risk if Congress doesn’t act now to fill the Highway Trust Fund.

Resources
The Federal Excise Tax on Gasoline and the Highway Trust Fund: A Short History
Department of Transportation, FHWA, FTA
Texas A&M Transportation Institute
Federal Highway Administration