# Highway Trust Fund Fact Sheet

The Highway Trust Fund, the principal source of federal surface transportation funding, is increasingly unable to maintain current spending levels for highway and transit programs.

- **The tax base is eroding.** Federal motor fuel tax rates have not increased since 1993, and drivers of passenger vehicles with average fuel efficiency currently pay about $96 per year in federal gasoline taxes. Because of inflation, the 18.4 cent-per-gallon tax on gasoline enacted in 1993 is worth about 11 cents today. The tax base will likely continue to erode as demand for gasoline decreases with the introduction and adoption of more fuel-efficient and alternative fuel vehicles.


*Figure 1: Projected Cumulative Highway Trust Fund Balance, Fiscal Years 2021 through 2026*

- **The fund relies increasingly on general revenues.** To maintain spending levels of about $45-50 billion a year for highway and transit programs and to cover revenue shortfalls, Congress transferred a total of about $141 billion in general revenues to the Highway Trust Fund on eight occasions from 2008 through 2015. This funding approach has effectively ended the long-standing principle of "users pay" in highway finance, breaking the link between the taxes paid and the benefits received by highway users.

- **Another funding gap is projected for 2021.** After 2020, the gap between projected revenues and spending will recur. In March 2016, the Congressional Budget Office estimated that $107 billion in additional funding would be required to maintain current spending levels plus inflation from 2021 through 2026, as shown in the figure 1.

**What Congress Faces**

In the next Congress, as lawmakers consider surface transportation reauthorization, they again face a choice between finding new sources of income for the surface transportation program and settling for a smaller program, which might look very different from the one currently in place. Figure 2 shows the impact of the general fund transfers within the context of the underlying imbalance between HTF revenues and projected spending for FY2016-FY2026.

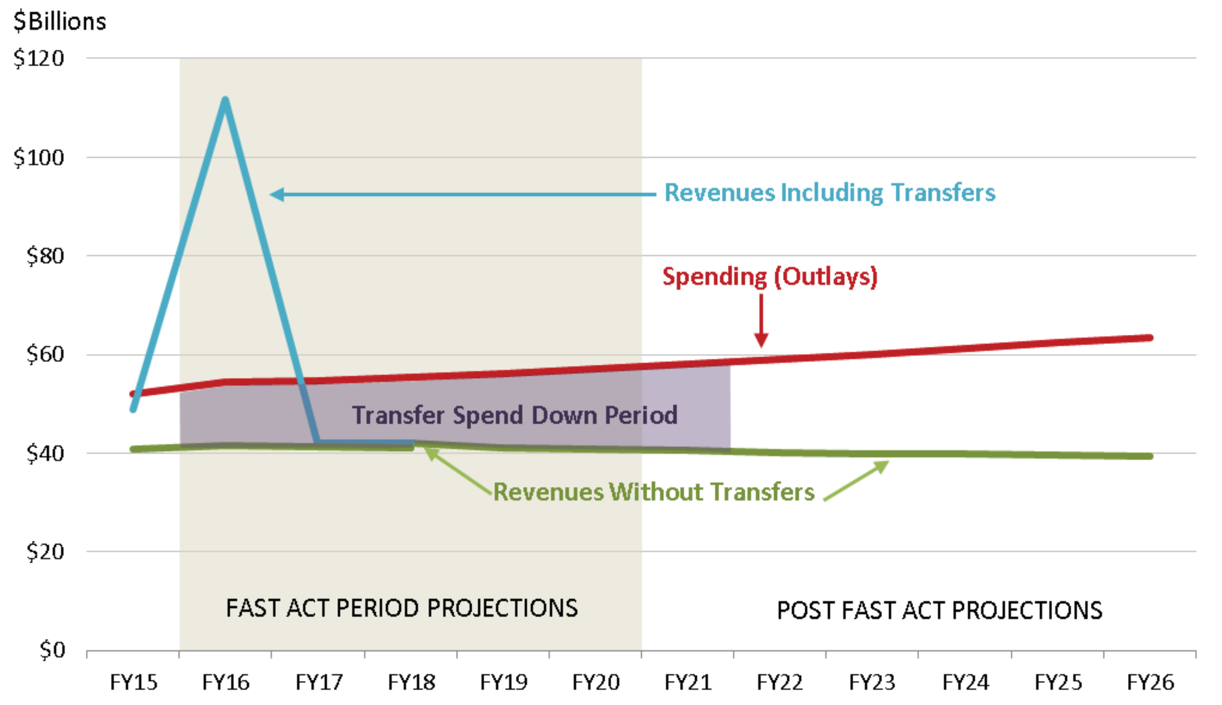


*Figure 2: Highway Trust Fund Funding Gap*

While the Trump administration's infrastructure package did not include a HTF fix, the president's advisors routinely promote his openness to solving the problem. House Transportation & Infrastructure Committee Chairman Bill Shuster (R-Pa.) recently unveiled a plan that calls for increasing the gas tax by 15 cents and diesel tax by 20 cents. These developments illustrate that addressing the HTF's revenue shortfall continues to garner high level attention in Washington.

It is critically important to make sure all members of Congress know fixing the HTF is a priority for their constituents. Tell them:

- The 2015 FAST Act temporarily stabilized federal highway and transit investment, but that window is closing soon;
- If states follow past practices, some could begin scaling back planned projects in 2019 due to the uncertainty caused by the next HTF revenue shortfall projected to begin in October 2020;
- States, on average, rely on federal highway funds to support more than half of their capital spending on highways and bridges;
- Any HTF revenue solution should be permanent, user-based, and sufficient to support increased federal surface transportation investments.