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# **THE FUTURE OF FEDERAL TRANSPORTATION FUNDING: SAVING THE HIGHWAY TRUST FUND AND MAP-21 REAUTHORIZATION**



**Monday, November 3, 2014  
National Conference of State Legislatures**



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# Transportation Faces A Coming Fiscal Cliff

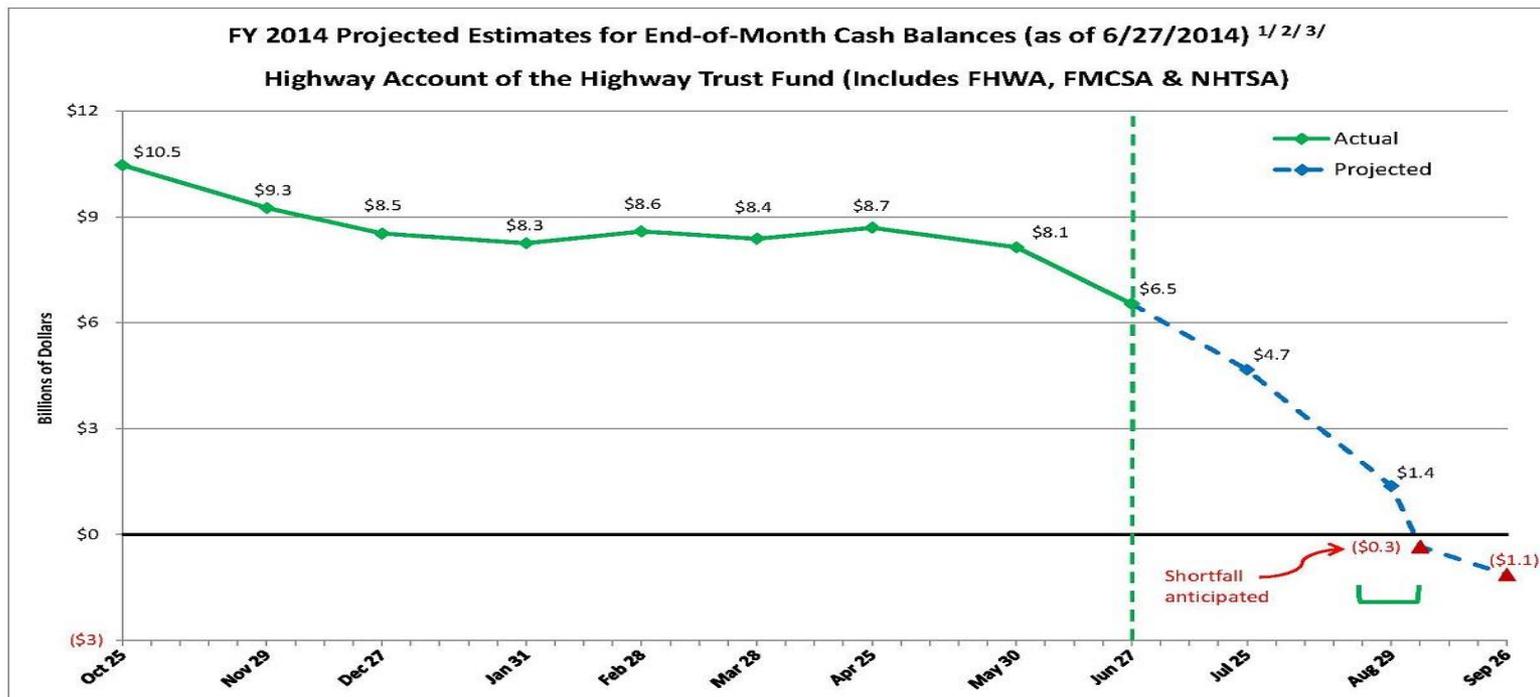


Image from ridelust.com

- The current federal surface transportation law (MAP-21) **expires** on May 31, 2015
- The Highway Trust Fund will face likely insolvency shortly thereafter



# The Previous Fiscal Cliff



1/ Graph reflects actual data through 6/27/14 and end-of-month projections for the remainder of the fiscal year.

2/ Total receipt and outlay projections are based on FY 2015 Mid-Session Review assumptions. Projected monthly receipt and outlay rates are based on historic averages.

3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.

Source: FHWA

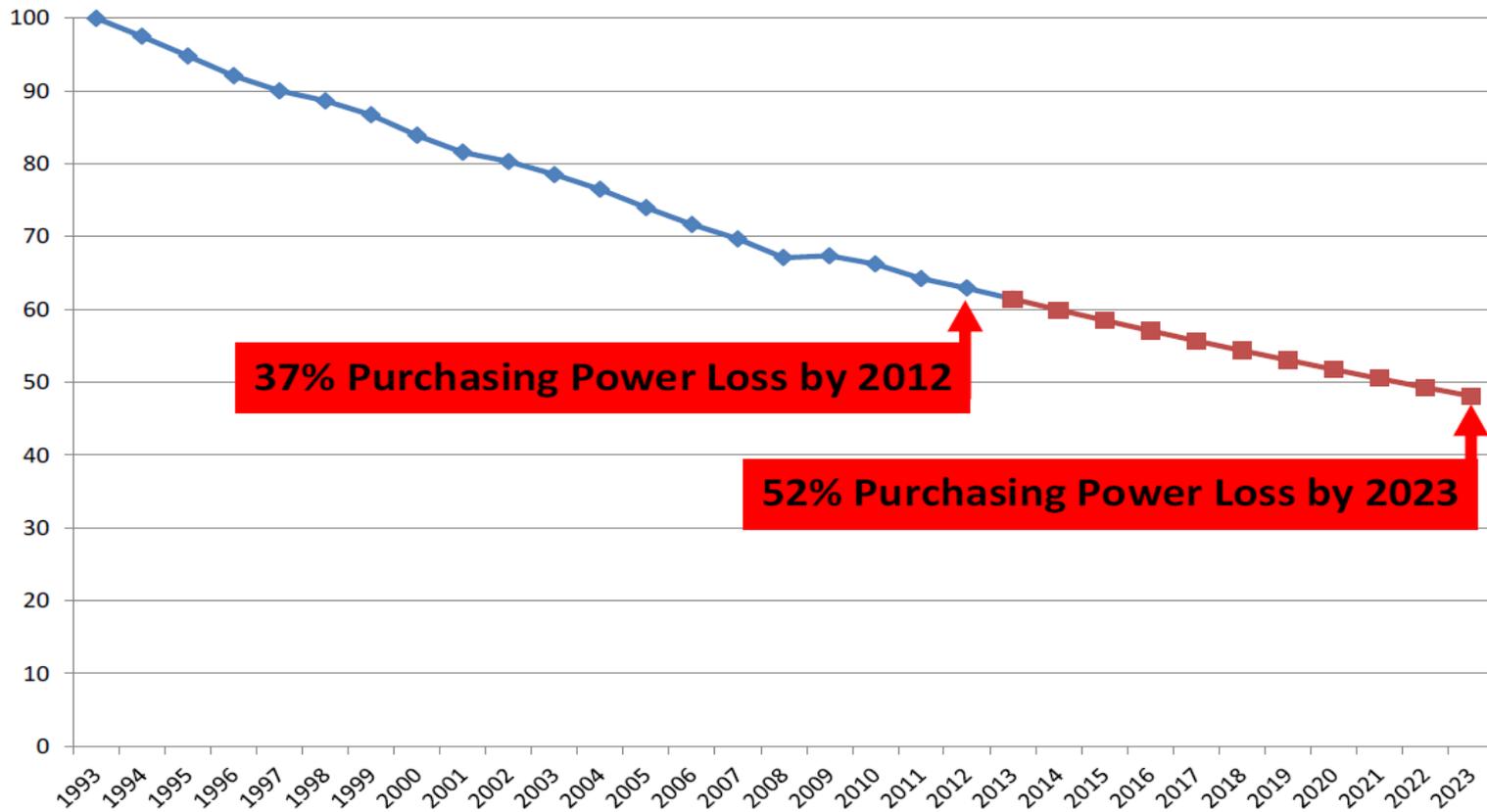


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## THE GAS TAX CONTINUES TO LOSE ITS PURCHASING POWER



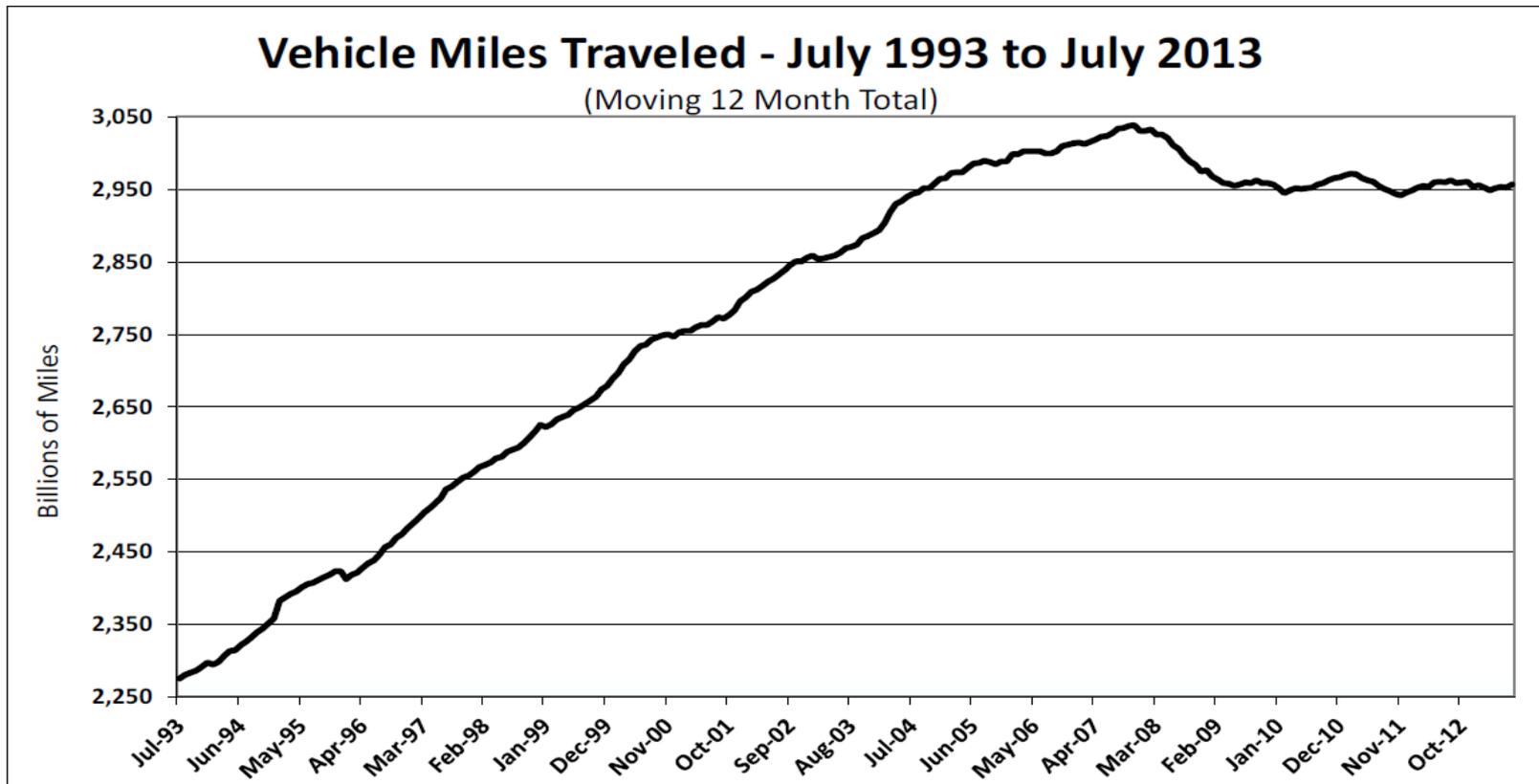


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## AMERICANS AREN'T DRIVING AS MUCH



Source: Federal Highway Administration



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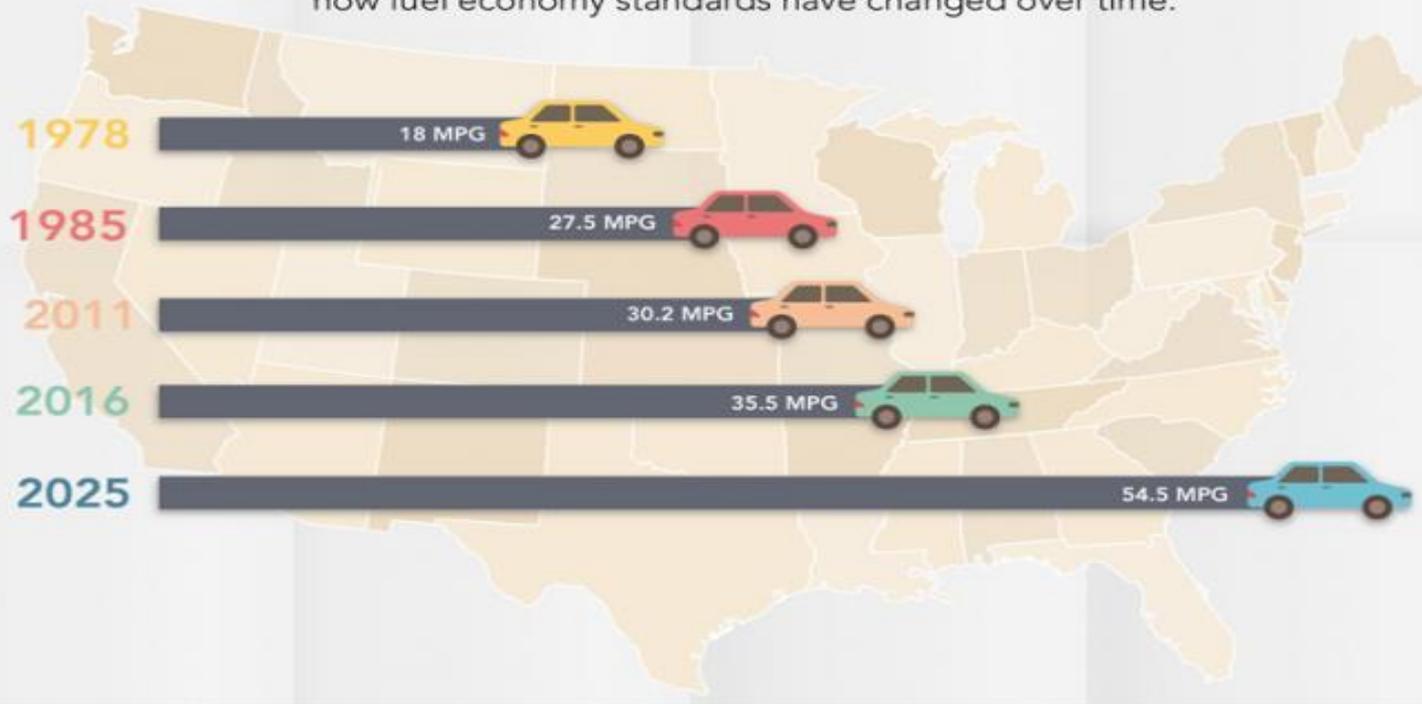
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## THE ROAD TO FUEL EFFICIENCY

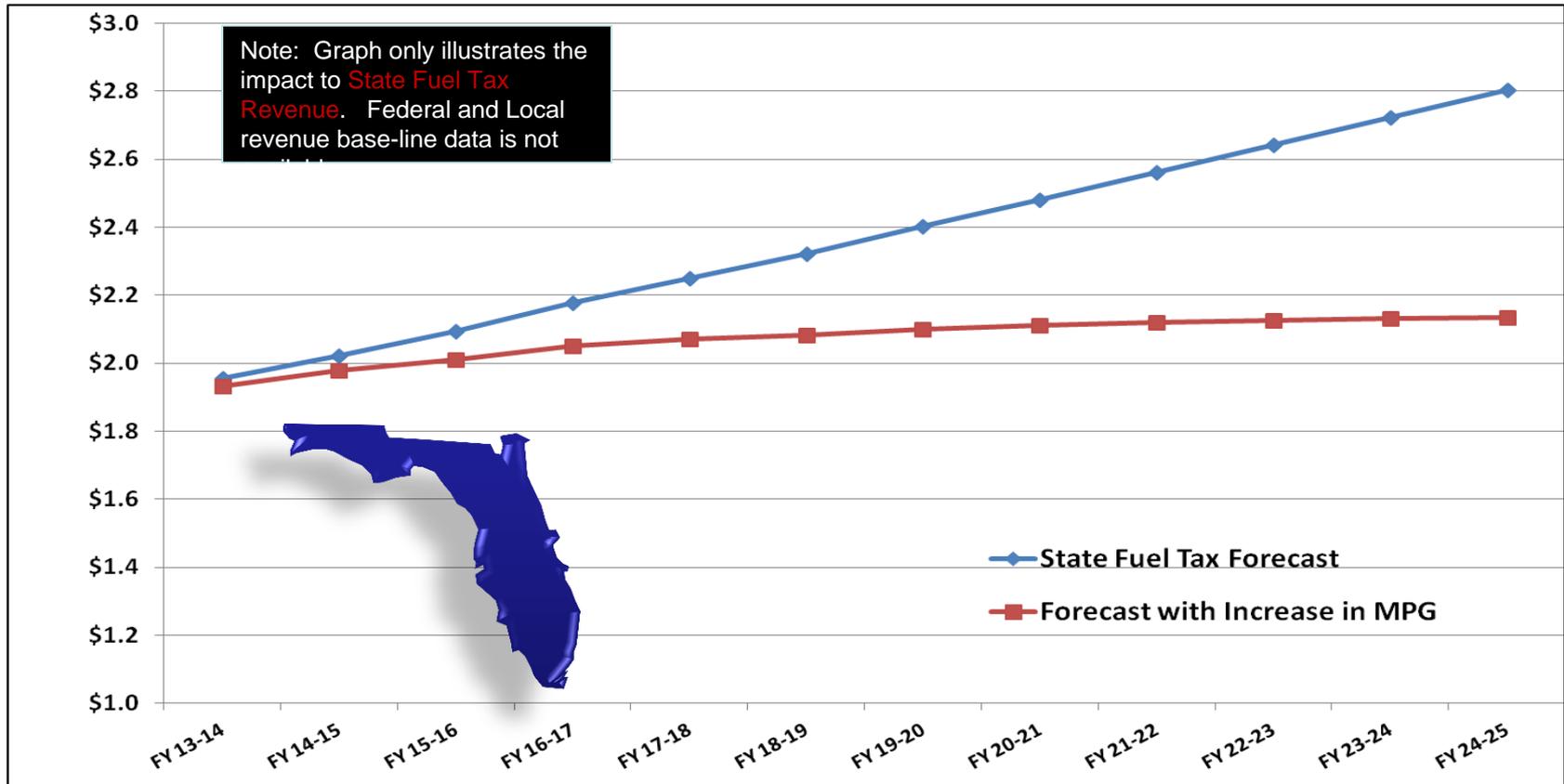
### A HISTORIC LOOK AT THE STANDARDS

Fuel economy standards are set periodically to ensure that vehicles are keeping up with the times -- here's a snapshot of how fuel economy standards have changed over time.





## Impacts of Fuel Efficient Vehicles on State Fuel Tax Revenue (in Billions of \$)





### Table I. Projected HTF Sufficiency: FY2015-FY2020

Billions of Dollars

Fiscal Year	HTF Revenue	HTF Outlays	Difference
2015	39	53	-14
2016	39	53	-14
2017	39	53	-14
2018	39	55	-16
2019	39	55	-16
2020	39	55	-16
Four-year total	156	214	-58
Four-year annual average	39	54	-15
Six-year total	234	324	-90
Six-year annual average	39	54	-15

**Source:** CRS calculations based on CBO, *Projections of Highway Trust Fund Accounts Under CBO's April 2014 Baseline*, April 2014. Figures may not add due to rounding.

**Notes:** Includes combined figures from both the highway account and the mass transit account. The HTF Revenue column includes interest on the HTF balances. Outlays refer to the spending of budget authority. In this case the spending of funds debited from the HTF.



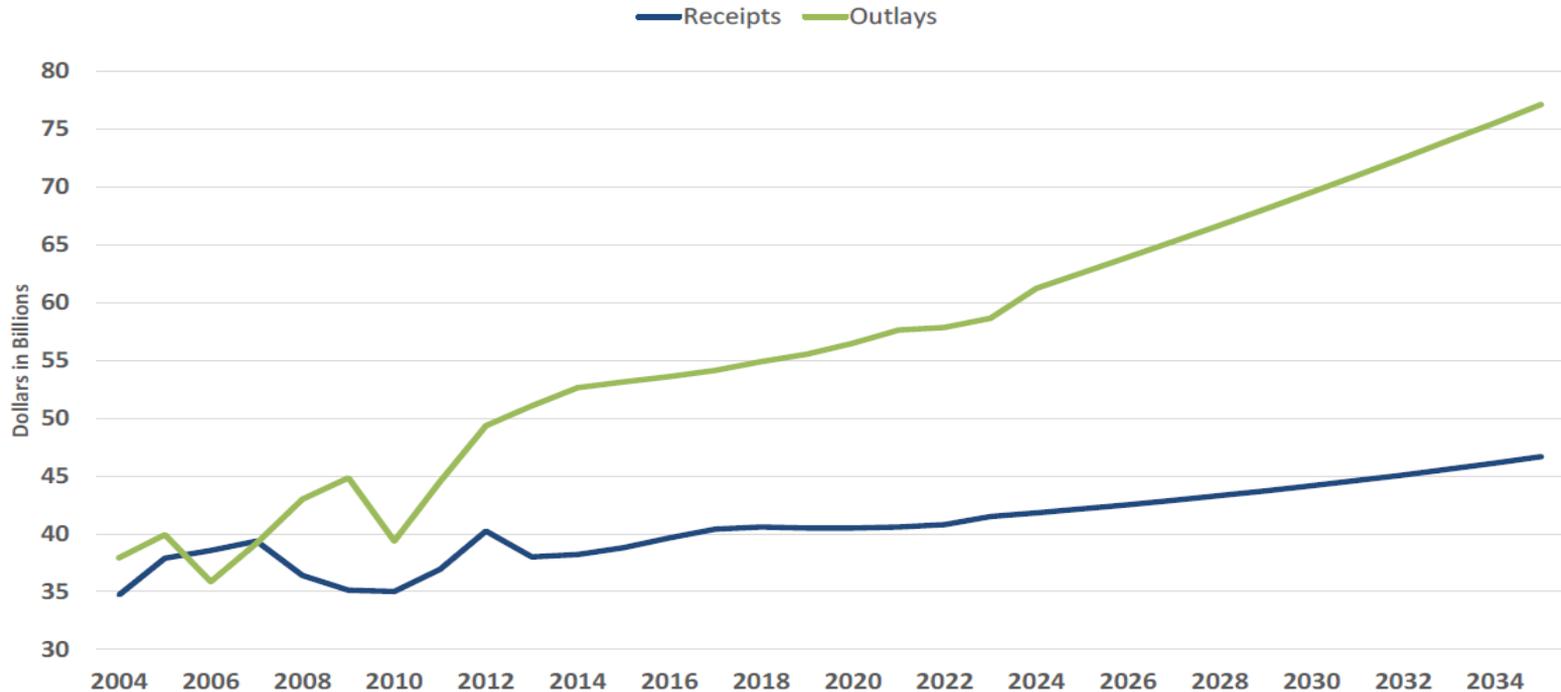
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## HTF OUTLAYS ARE ESTIMATED TO OUTPACE RECEIPTS BY \$15 BILLION OR MORE PER YEAR

Highway Trust Fund Receipts and Outlays Discrepancy



Excludes \$8.017 billion transfer from General Fund to Highway Account of HTF in September 2008; \$7 billion transfer from General Fund to Highway Account of HTF in August 2009; \$19.5 billion transfer from General Fund to Highway and Mass Transit Accounts of HTF in March 2010; \$2.4 billion transfer from Leaking Underground Storage Tank Trust Fund to HTF in July 2012; \$6.2 billion transfer from General Fund to Highway Account of HTF in FY 2013; \$10.4 billion transfer from General Fund to Highway Account of HTF in FY 2014; \$2.2 billion transfer from General Fund to Mass Transit Account of HTF in FY 2014.



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## Stayin' Alive

Transfers to Highway Trust Fund Since 2008:  
\$63 Billion

- FY 2008: \$8 Billion GF transfer to HTF
- FY 2009: \$7 Billion GF transfer to HTF
- FY 2010: \$19.5 Billion GF transfer to HTF
- FY 2012: \$2.4 Billion LUST transfer to HTF
- FY 2013: \$5.9 Billion GF transfer to HTF
- FY 2014: \$20.5 Billion transfer to HTF from both the GF and LUST

Kicking the can down the road:





## Technically feasible revenue options

### Matrix of Illustrative Surface Transportation Revenue Options

(all revenue estimates in \$ millions)

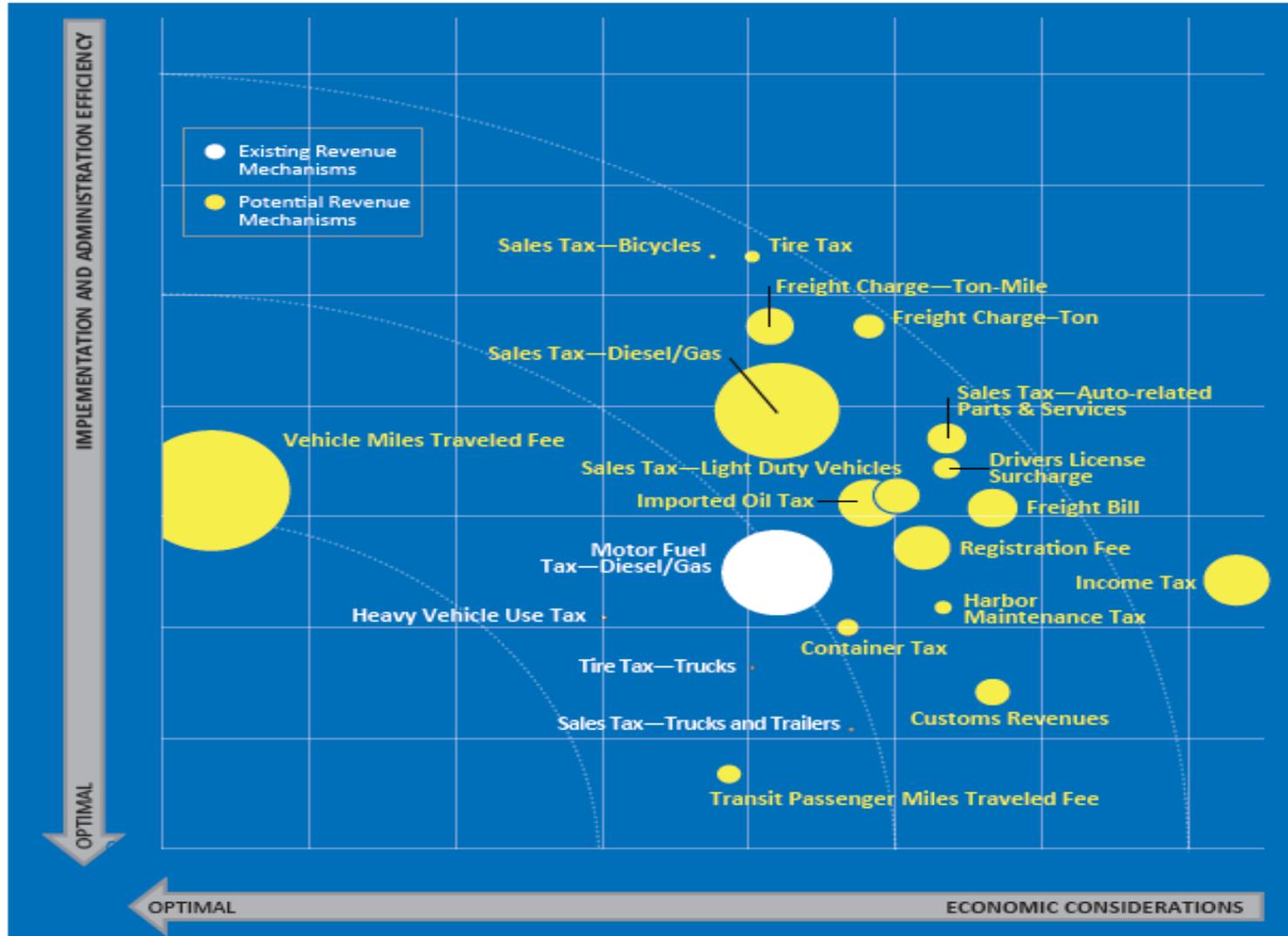
Funding Mechanisms	Mechanism Yield 2014	Illustrative Rate	Revenues 2014	Average Revenues 2015-2020	Total Revenues 2015-2020
Container Tax	\$1.00 per TEU= \$ 421	<b>\$15.00</b>	\$ 6,317	\$ 6,893	\$ 41,361
Customs Revenues (Partial Dedication)	1.0% of Receipts = \$ 357	<b>1.0%</b>	\$ 357	\$ 408	\$ 2,451
Drivers License Surcharge (Annual)	\$1.00 Surcharge = \$ 222	<b>\$5.00</b>	\$ 1,109	\$ 1,154	\$ 6,926
Excise Tax on Diesel (Increase)	1¢ per Gallon = \$ 399	<b>15.0¢</b>	\$ 5,983	\$ 6,480	\$ 38,877
Excise Tax on Diesel (Indexing)	n/a		\$ 440	\$ 1,031	\$ 6,183
Excise Tax on Gasoline (Increase)	1¢ per Gallon = \$ 1,282	<b>10.0¢</b>	\$ 12,823	\$ 13,367	\$ 80,202
Excise Tax on Gasoline (Indexing)	n/a		\$ 1,046	\$ 2,384	\$ 14,303
Freight Bill - All Modes	1.0% of Sales = \$ 8,318	<b>1.0%</b>	\$ 8,318	\$ 9,236	\$ 55,415
Freight Bill - Truck Only	1.0% of Sales = \$ 7,221	<b>1.0%</b>	\$ 7,221	\$ 8,018	\$ 48,110
Freight Charge - All Modes (Ton)	1¢ per Ton = \$ 180	<b>25.0¢</b>	\$ 4,492	\$ 4,988	\$ 29,929
Freight Charge - All Modes (Ton-Mile)	1¢ per Ton-mile = \$ 47,530	<b>0.5¢</b>	\$ 23,765	\$ 26,389	\$ 158,334
Freight Charge - Truck Only (Ton)	1¢ per Ton = \$ 124	<b>25.0¢</b>	\$ 3,098	\$ 3,440	\$ 20,641
Freight Charge - Truck Only (Ton-Mile)	1¢ per Ton-mile = \$ 13,911	<b>0.5¢</b>	\$ 6,956	\$ 7,724	\$ 46,342
Harbor Maintenance Tax (Increase)	0.1% Tax = \$ 1,331	<b>0.5%</b>	\$ 6,657	\$ 7,264	\$ 43,584
Heavy Vehicle Use Tax (Increase)	100% Increase = \$ 852	<b>15.0%</b>	\$ 128	\$ 163	\$ 977
Imported Oil Tax	\$1.00 per Barrel = \$ 3,528	<b>\$1.00</b>	\$ 3,528	\$ 3,528	\$ 21,171
Income Tax - Business (Partial Dedication)	0.1% of Current Taxes = \$ 440	<b>1.0%</b>	\$ 4,396	\$ 4,847	\$ 29,082
Income Tax - Personal (Partial Dedication)	0.1% of Current Taxes = \$ 1,508	<b>1.0%</b>	\$ 15,084	\$ 18,393	\$ 110,356
Oil, Gas, Minerals Lease - Rent, Bonus, and Other Income (Partial Dedication)	1.0% of GF Revenues = \$ 15	<b>50.0%</b>	\$ 750	\$ 750	\$ 4,500
Oil, Gas, Minerals Lease - Royalties (Partial Dedication)	1.0% of GF revenues = \$ 55	<b>50.0%</b>	\$ 2,750	\$ 2,750	\$ 16,500
Registration Fee on Light Duty Vehicles (Annual)	\$1.00 Fee = \$ 259	<b>\$10.00</b>	\$ 2,594	\$ 2,731	\$ 16,387
Registration Fee on Trucks (Annual)	\$1.00 Fee = \$ 9	<b>\$15.00</b>	\$ 131	\$ 133	\$ 797
Sales Tax on Auto-related Parts and Services	1.0% of Sales = \$ 2,567	<b>1.0%</b>	\$ 2,567	\$ 2,883	\$ 17,299
Sales Tax on Fuel - Diesel	1.0% of Sales = \$ 1,253	<b>11.0%</b>	\$ 13,782	\$ 15,839	\$ 95,033
Sales Tax on Fuel - Gasoline	1.0% of Sales = \$ 3,711	<b>8.0%</b>	\$ 29,686	\$ 31,126	\$ 186,753
Sales Tax on New and Used Light Duty Vehicles	1.0% of Sales = \$ 2,619	<b>1.0%</b>	\$ 2,619	\$ 2,619	\$ 15,715
Sales Tax on New Light Duty Vehicles	1.0% of Sales = \$ 1,625	<b>1.0%</b>	\$ 1,625	\$ 1,625	\$ 9,752
Sales Tax on Trucks and Trailers (Increase)	1.0% of Sales = \$ 268	<b>5.0%</b>	\$ 1,340	\$ 1,677	\$ 10,062
Tire Tax on Light Duty Vehicles	\$1.00 Fee = \$ 195	<b>\$3.00</b>	\$ 584	\$ 615	\$ 3,687
Tire Tax on Trucks (Increase)	100% Increase = \$ 434	<b>10.0%</b>	\$ 43	\$ 54	\$ 326
Vehicle Miles Traveled Fee on Light Duty Vehicles (All Miles)	1¢ per VMT = \$ 26,891	<b>2.0¢</b>	\$ 53,781	\$ 55,852	\$ 335,111



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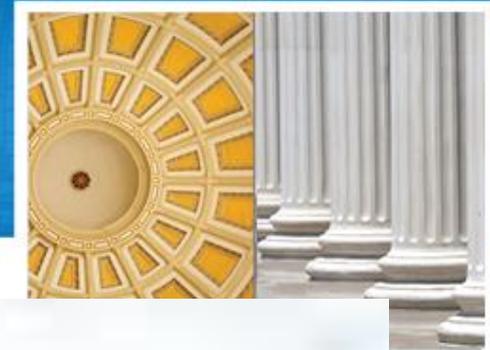
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## MAP-21 Reauthorization: Where Does it Stand?



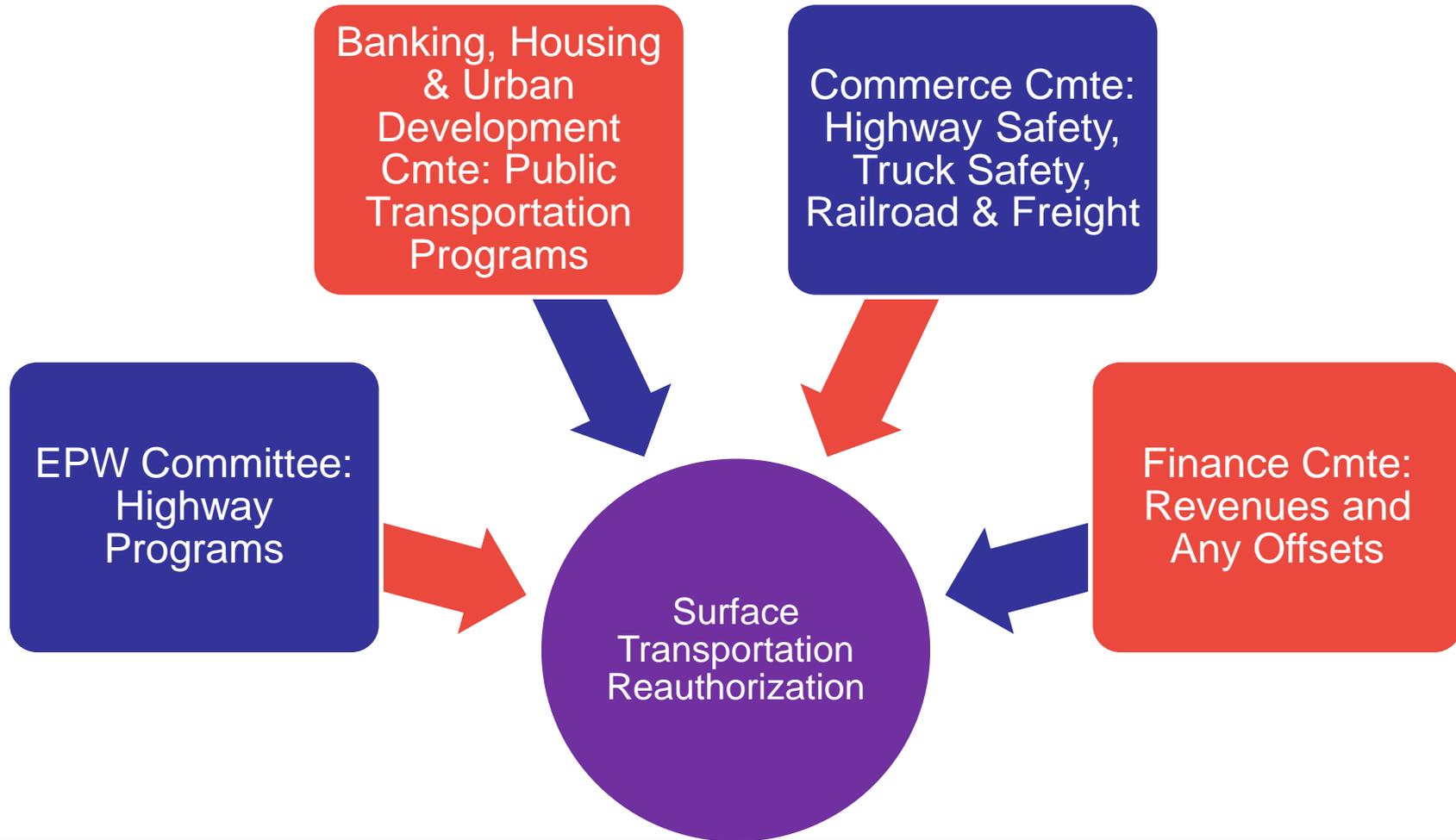


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# The Great Jurisdictional Game: The Senate





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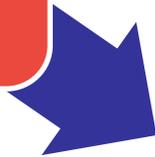
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# The House is Less Complex

Transportation and Infrastructure Cmte:  
Highway Programs,  
Public Transportation  
Programs and Highway  
Safety, Truck Safety,  
Railroad & Freight

Ways and Means  
Cmte: Revenues and  
Any Offsets

Surface  
Transportation  
Reauthorization





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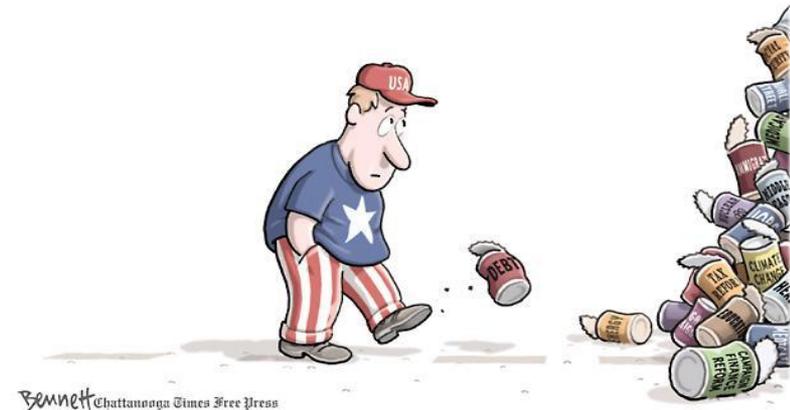


## Other Options?



- GROW AMERICA ACT
- Corker-Murphy

- Kicking the can down the road:





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## Down the road...



- Senate Control?
- Lame-Duck?
- Temporary Pay-Fors?
- Sustainable?
- Budget/Debt Limit
- Rail-Amtrak and FAA-Aviation Bills



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# The “Laboratories of Democracy”

- State gas taxes preceded federal gas tax by 13 years
- States can also lead the way to explore revenue options and alternatives for the future



*Strong States, Strong Nation*

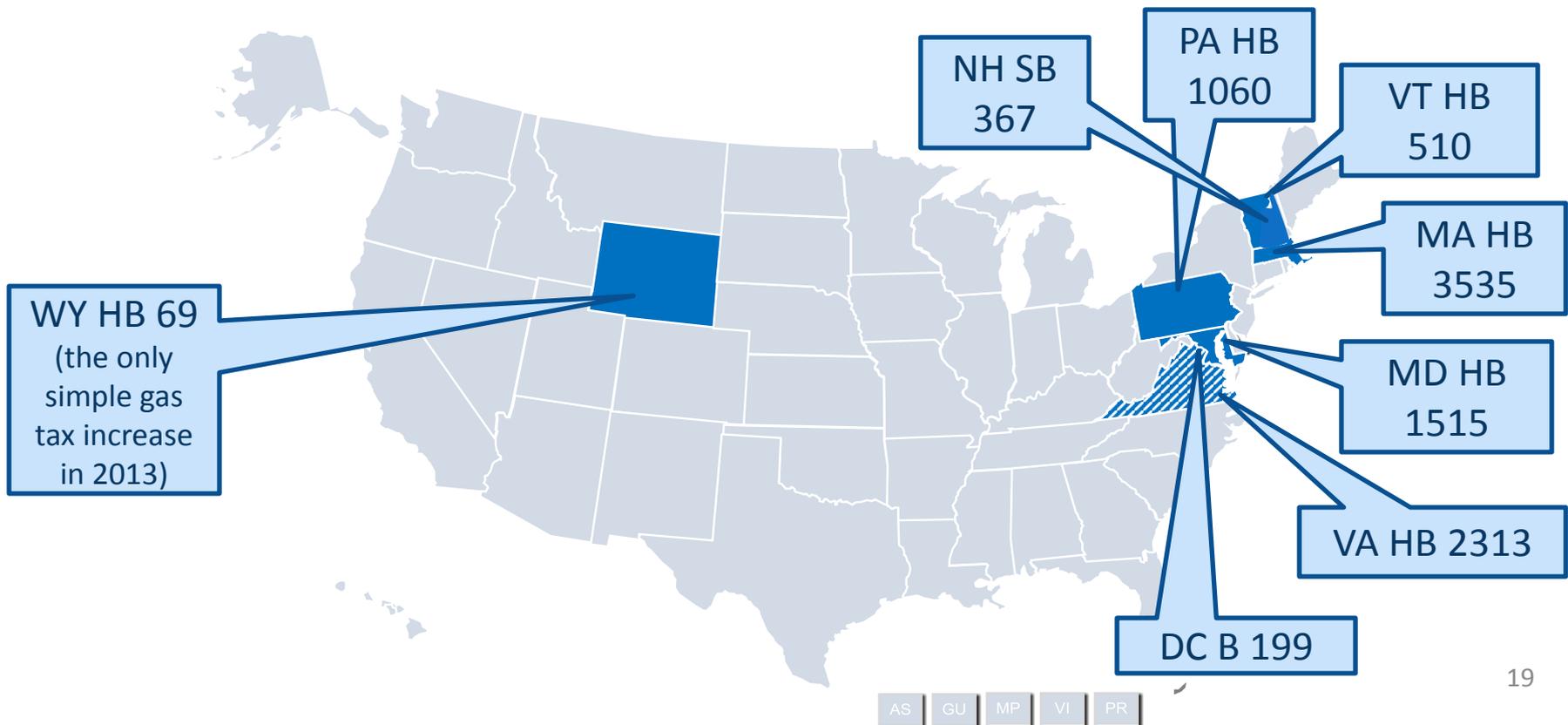


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## States Taking the Lead





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## Will States Lead the Way on Gas Taxes?

Senate EPW Chair  
Barbara Boxer (D-CA) has  
suggested the federal  
government “follow the  
lead of some of our  
states” with a  
percentage-based gas tax





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# NCSL Transportation Funding and Finance Legislation Database

<http://www.ncsl.org/research/transportation/ncsl-transportation-funding-finance-legislation-database.aspx>



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## Article 1, Section 8 – To Establish Post Offices and Post Roads

*Section. 8. The Congress shall have Power To be  
general Welfare of the United States; but all Duties, Imp  
To borrow Money on the credit of the United Sta  
To regulate Commerce with foreign Nations, and  
To establish an uniform Rule of Naturalization, a  
To coin Money, regulate the Value thereof, and of  
To provide for the Punishment of counterfeiting.  
● To establish Post Offices and post Roads;  
To promote the Progress of Science and useful Ar  
Discoveries;  
To constitute Tribunals inferior to the supreme  
To define and punish Piracies and Felonies*