

VERMONT GENERAL ASSEMBLY  
SENATE COMMITTEE ON TRANSPORTATION

# State and Federal Transportation Funding

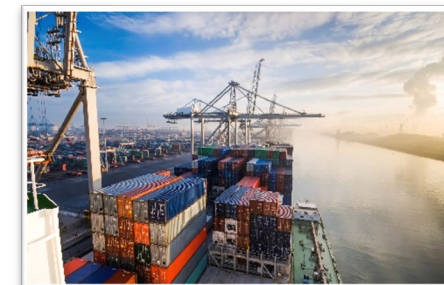
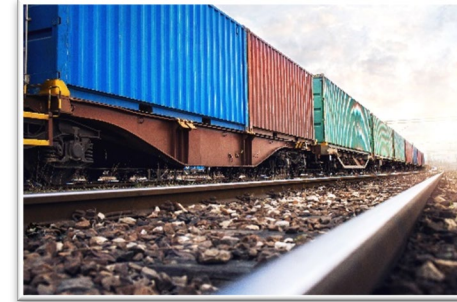
**Jim Tymon**

Executive Director

American Association of State Highway and Transportation Officials

# What Is AASHTO?

- Nonprofit association
- Founded in 1914
- Members include:
  - Transportation departments of the 50 states, the District of Columbia, and Puerto Rico
  - 50+ Associate Members from federal, state, and local agencies and other countries
- Covers all modes: aviation, rail, highways, transit, water, and active transportation



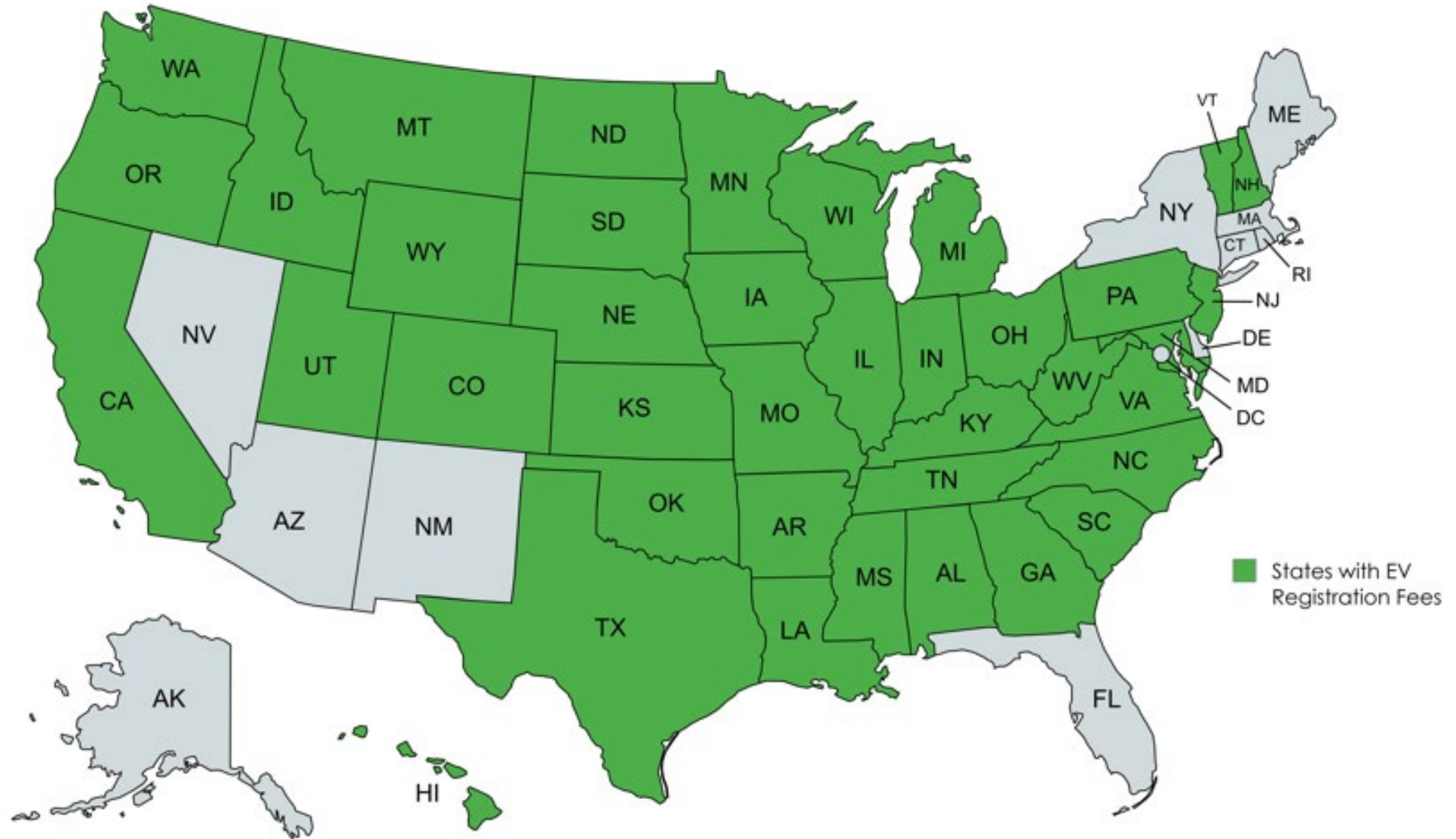
# STATE TRANSPORTATION INVESTMENT

- Wide Variety of Approaches Across States:
  - Variable-Rate State Fuel Taxes
  - Electric Vehicle Registration Fees
  - Sales Taxes on Vehicle Sales, Leases, or Rentals
  - General Fund Revenue
  - General Sales Tax Revenue
- Over 100 sources of funding for highways and bridges alone

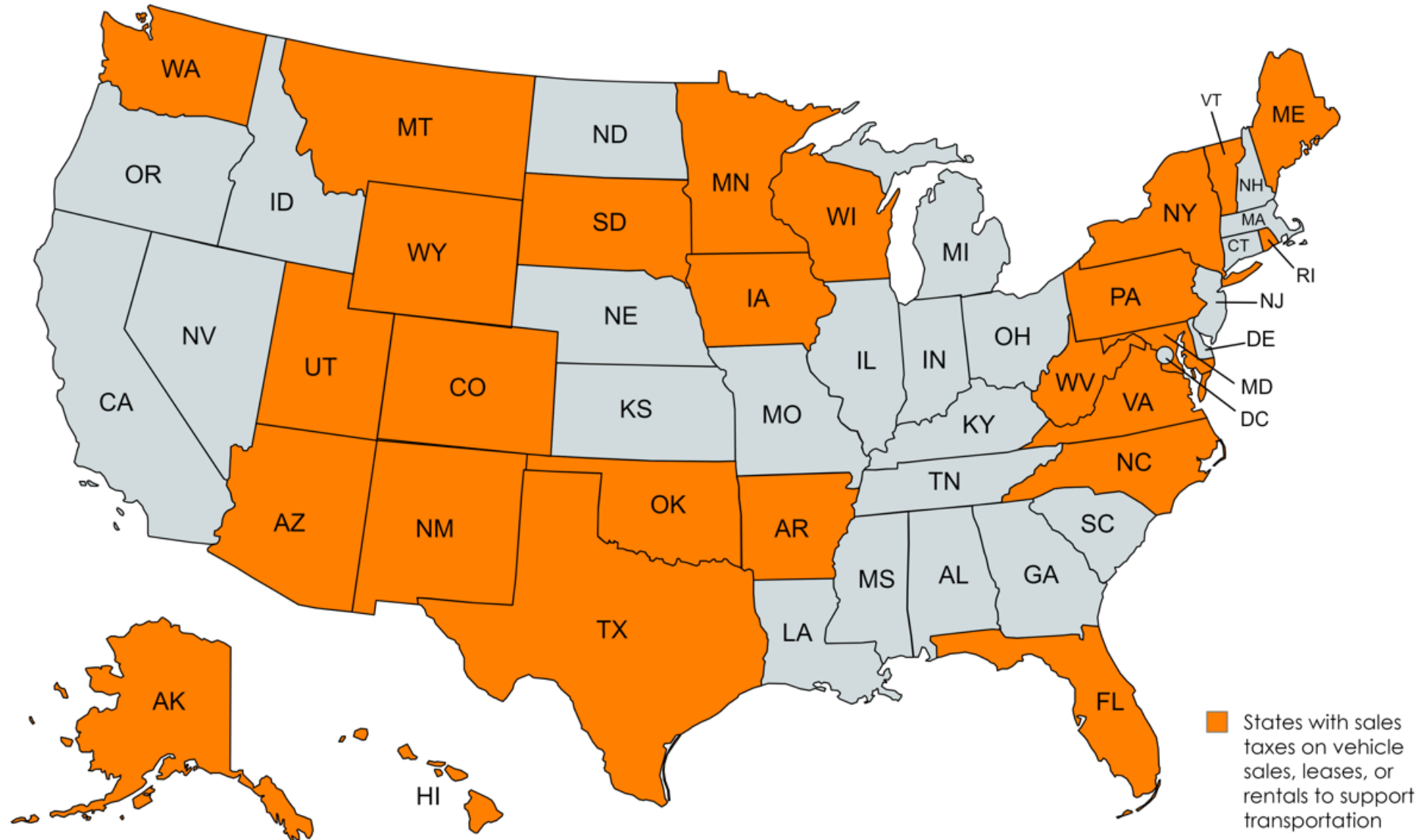




# EV REGISTRATION FEES

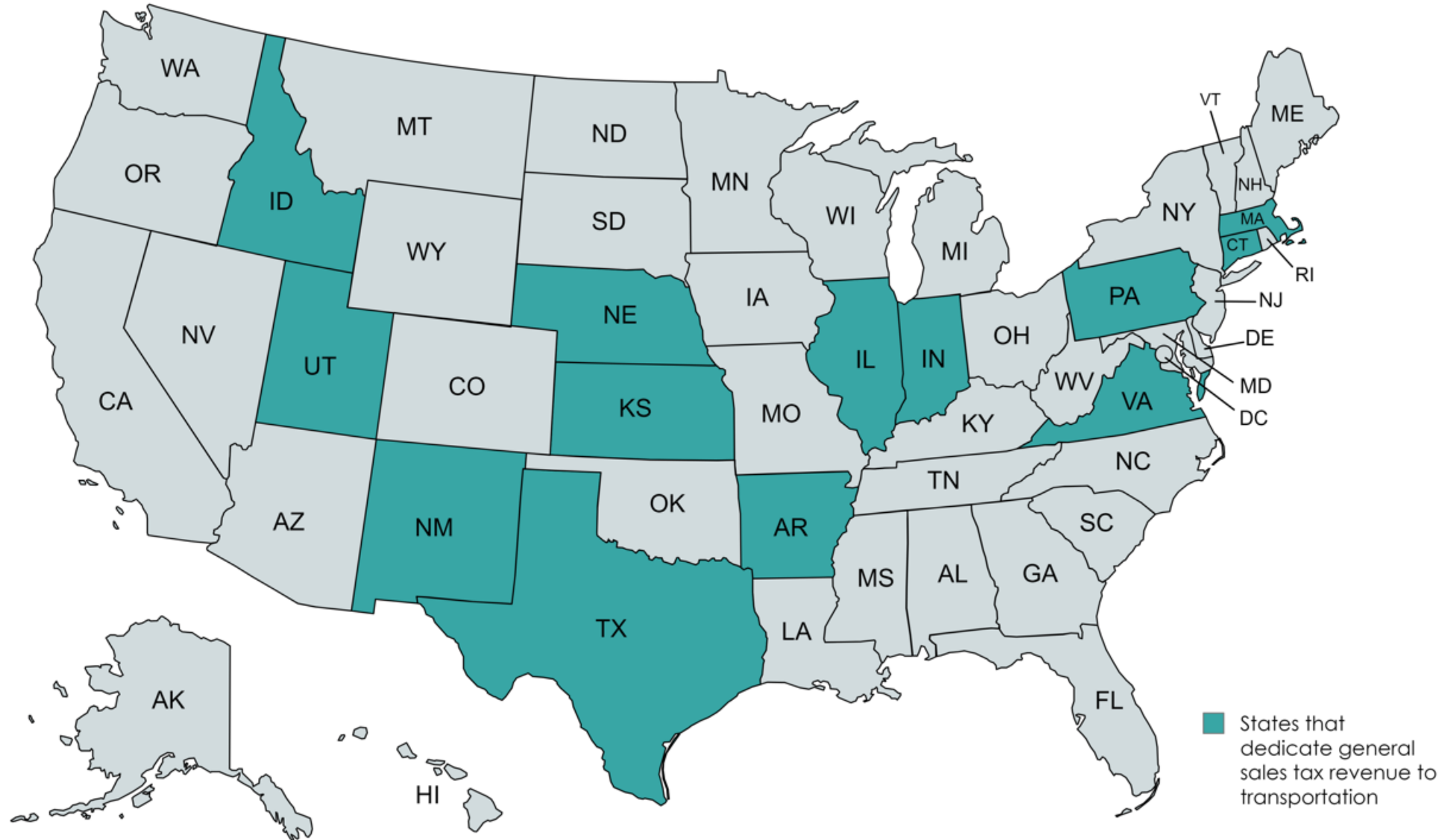


# SALES TAXES ON VEHICLE SALES, LEASES, OR RENTALS



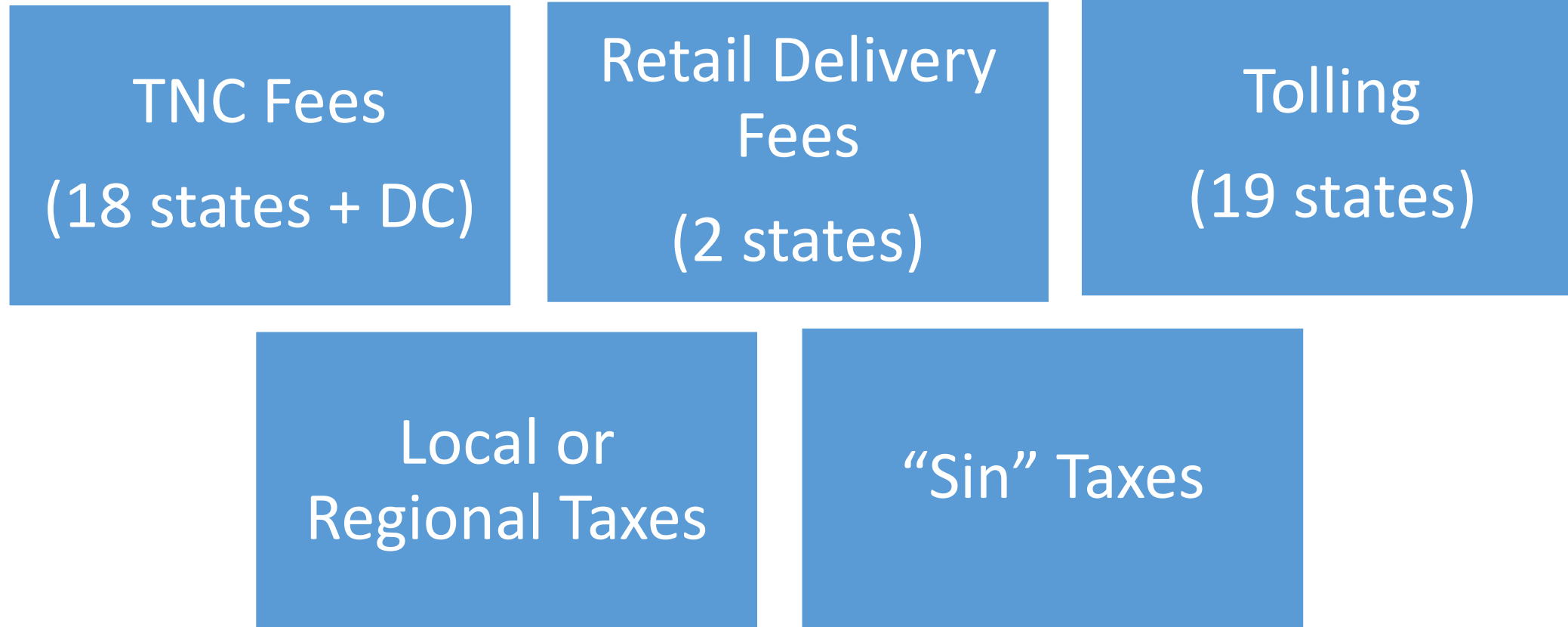


# GENERAL SALES TAX REVENUE





## Other Recurring Revenues



# INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

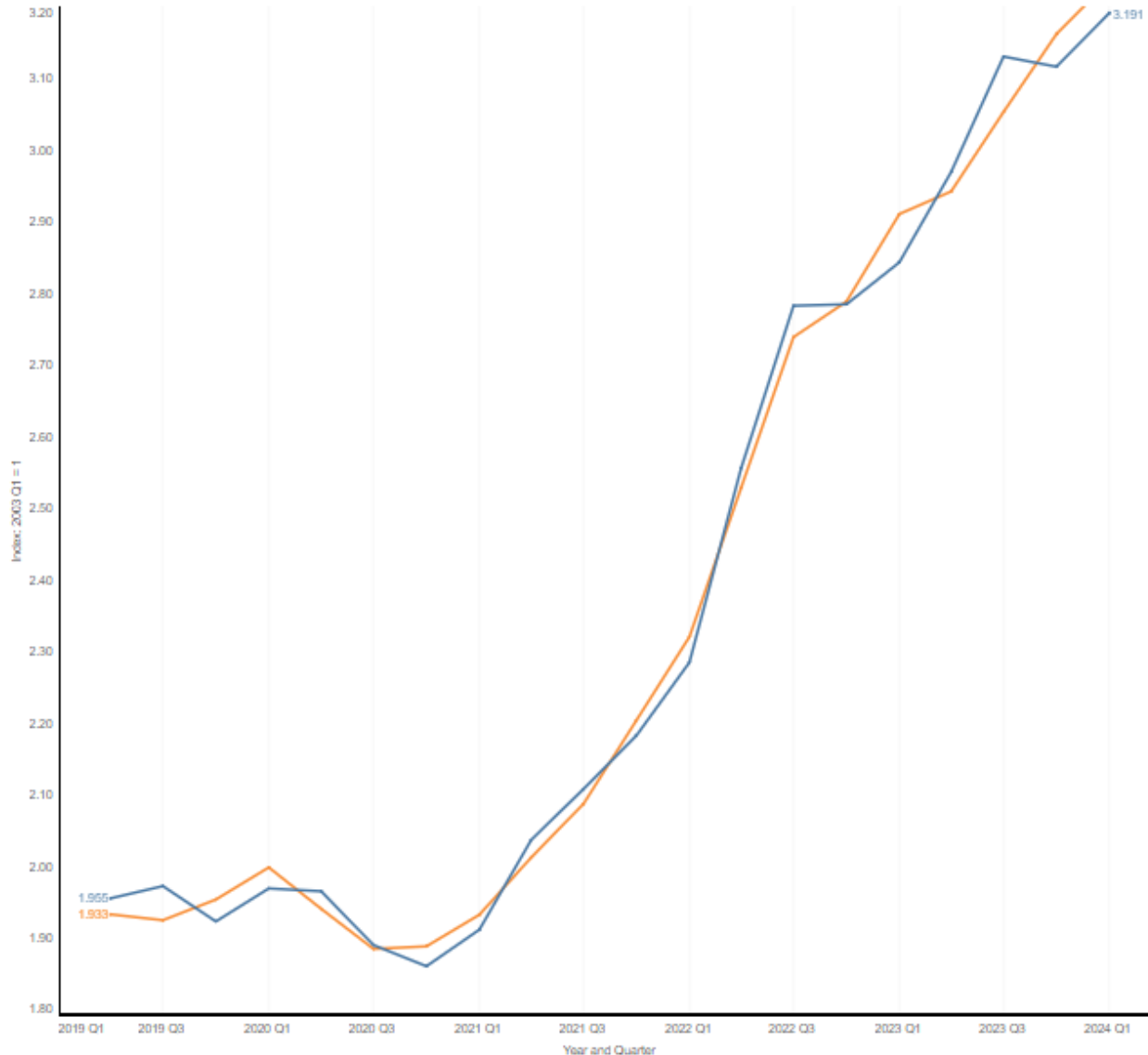
| Funding Type, FFY 2022-2026         | Amount                 |
|-------------------------------------|------------------------|
| Total HTF Contract Authority        | \$383 billion          |
| Advance General Fund Appropriations | \$184.1 billion        |
| <b>USDOT Total Budget Authority</b> | <b>\$567.1 billion</b> |

| AGENCY        | In \$ billions (Contract Authority plus General Fund Advance Appropriations) |      |      |      |      |      |              |             |
|---------------|--|------|------|------|------|------|--------------|-------------|
|               | 2021   | 2022 | 2023 | 2024 | 2025 | 2026 | TOTAL        | AVG         |
| HIGHWAYS/FHWA | 49.0   | 67.7 | 69.0 | 70.3 | 71.5 | 72.9 | <b>351.3</b> | <b>70.3</b> |
| TRANSIT/FTA   | 12.8   | 17.6 | 17.9 | 18.2 | 18.5 | 18.9 | <b>91.2</b>  | <b>18.2</b> |
| RAIL/FRA      | 2.5  | 13.2 | 13.2 | 13.2 | 13.2 | 13.2 | <b>66.0</b>  | <b>13.2</b> |
| SAFETY/NHTSA  | 1.0  | 1.3  | 1.3  | 1.3  | 1.4  | 1.4  | <b>6.7</b>   | <b>1.3</b>  |
| SAFETY/FMCSA  | 0.7  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  | <b>5.1</b>   | <b>1.0</b>  |

# NATIONAL HIGHWAY CONSTRUCTION COST INDEX

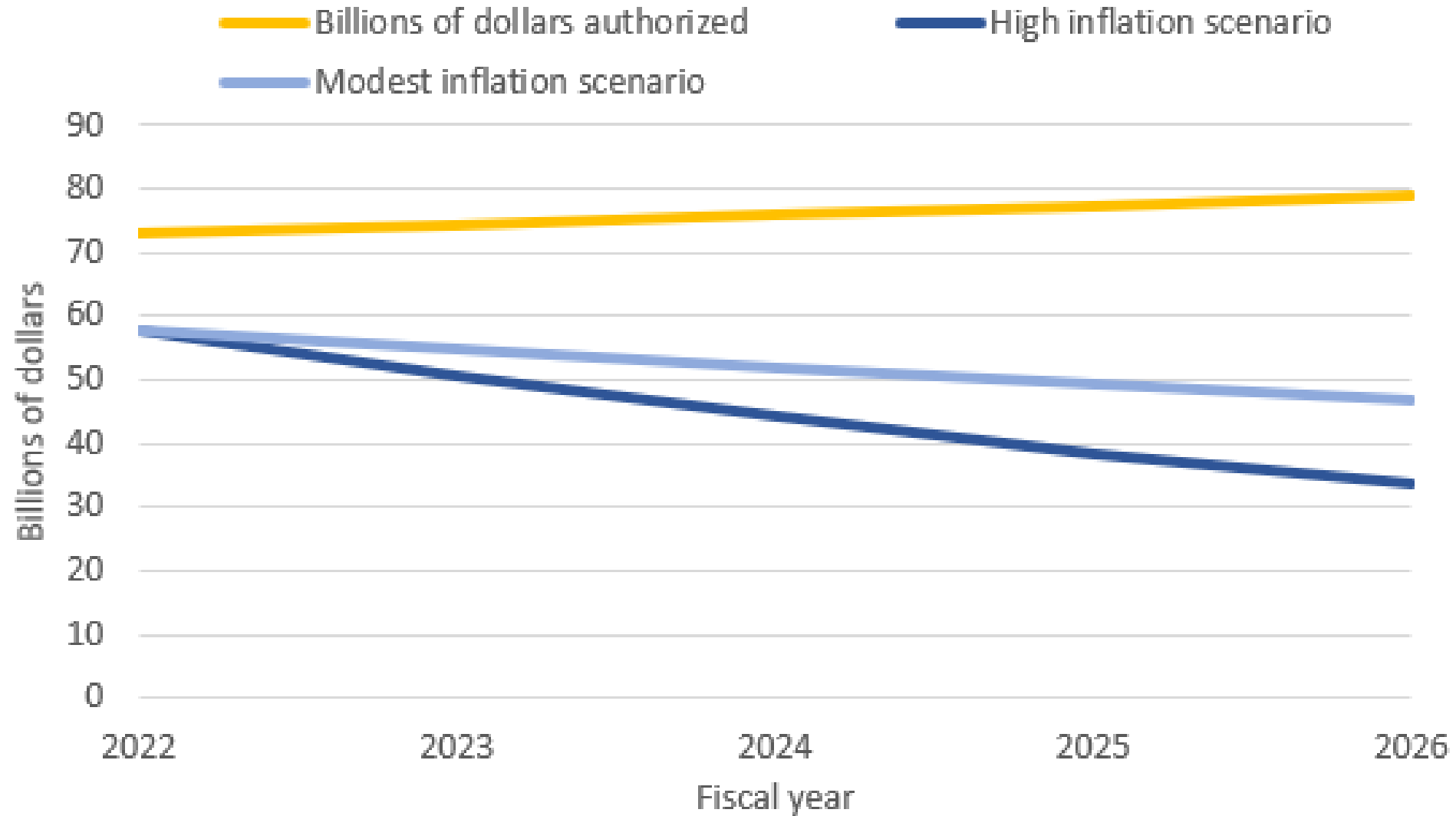
Select Year and Quarter:  
2019 Q1 2024 Q1

Select Series:  
 NHCCI  
 Seasonally Adjusted NHCCI



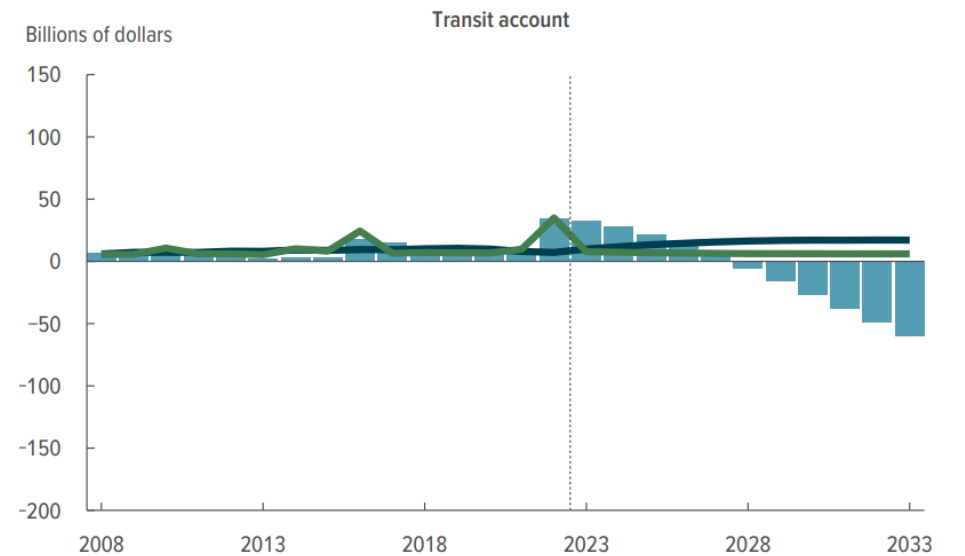
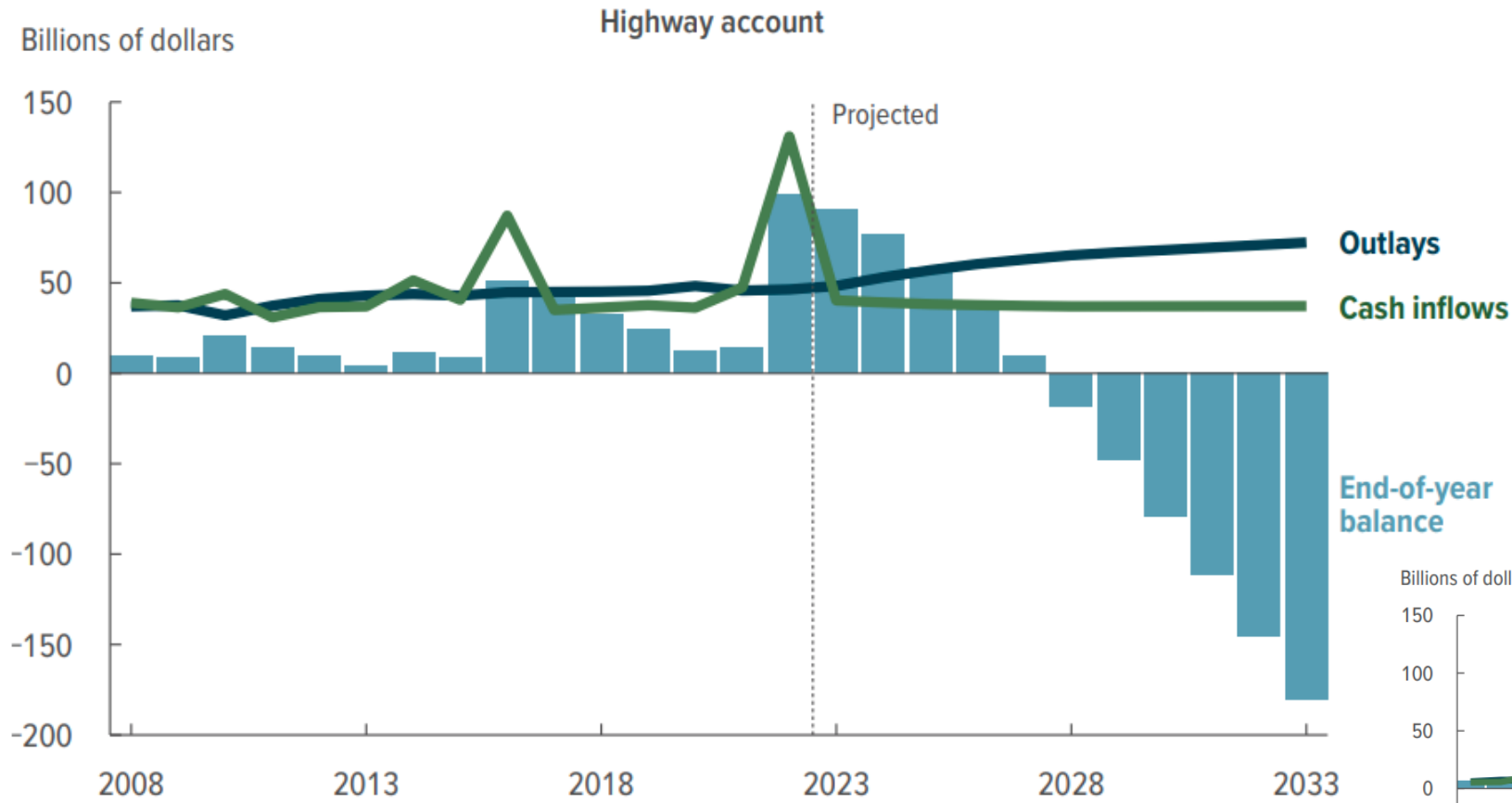
- 70 percent increase in highway construction cost between October 2020 to June 2024.
- Since end of 2020, federal program has lost \$61.5 billion of value on road and bridge investments due to inflation.

Figure 1: Infrastructure Investment and Jobs Act (IIJA)  
Funds Authorized for Highway by Fiscal Year and Amount  
Reduced by Construction Cost Inflation



Source: US Department of Transportation, Bureau of Transportation Statistics

# HIGHWAY TRUST FUND CASH SHORTFALL



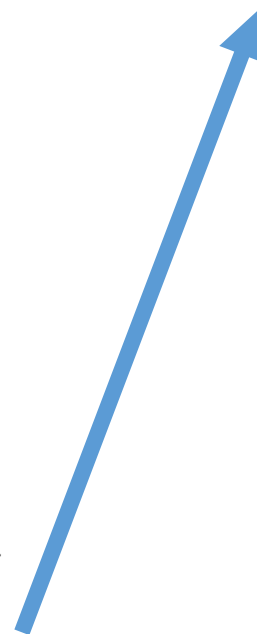
Source: Congressional Budget Office



**Table 2. Transfers to the Highway Trust Fund**  
(in billions of dollars; reflects sequestration for FY2013 and FY2014)

| Public Law         | Effective Date | Highway Account | Mass Transit Account | Highway Trust Fund (HTF) Total |
|--------------------|----------------|-----------------|----------------------|--------------------------------|
| P.L. 110-318       | Sept. 15, 2008 | 8.017           | 0                    | 8.017                          |
| P.L. 111-46        | Aug. 7, 2009   | 7.000           | 0                    | 7.000                          |
| P.L. 111-147       | Mar. 18, 2010  | 14.700          | 4.800                | 19.500                         |
| P.L. 112-141       | July 6, 2012   |                 |                      |                                |
| From LUST          | For FY2012     | 2.400           | 0                    | 2.400                          |
| From general fund  | For FY2013     | 5.884           | 0                    | 5.884                          |
| From general fund  | For FY2014     | 9.651           | 2.042                | 11.693                         |
| P.L. 113-159       | Aug. 8, 2014   | 7.765           | 2.000                | 9.765                          |
| From LUST          | Aug. 8, 2014   | 1.000           | 0                    | 1.000                          |
| P.L. 114-41        | July 31, 2015  | 6.068           | 2.000                | 8.068                          |
| P.L. 114-94        |                |                 |                      |                                |
| From general fund  | Dec. 4, 2015   | 51.900          | 18.100               | 70.000                         |
| From LUST          | Dec. 4, 2015   | 0.100           | 0                    | 0.100                          |
| From LUST          | Oct. 1, 2016   | 0.100           | 0                    | 0.100                          |
| From LUST          | Oct. 1, 2017   | 0.100           | 0                    | 0.100                          |
| P.L. 116-159       | Sept. 25, 2020 | 10.400          | 3.200                | 13.600                         |
| P.L. 117-58        | Nov. 15, 2021  | 90.000          | 28.000               | 118.000                        |
| General fund total |                | 211.385         | 60.142               | 271.527                        |
| LUST fund total    |                | 3.700           | 0                    | 3.700                          |
| Total transfers    |                | 215.085         | 60.142               | 275.227                        |

\$ 275.227

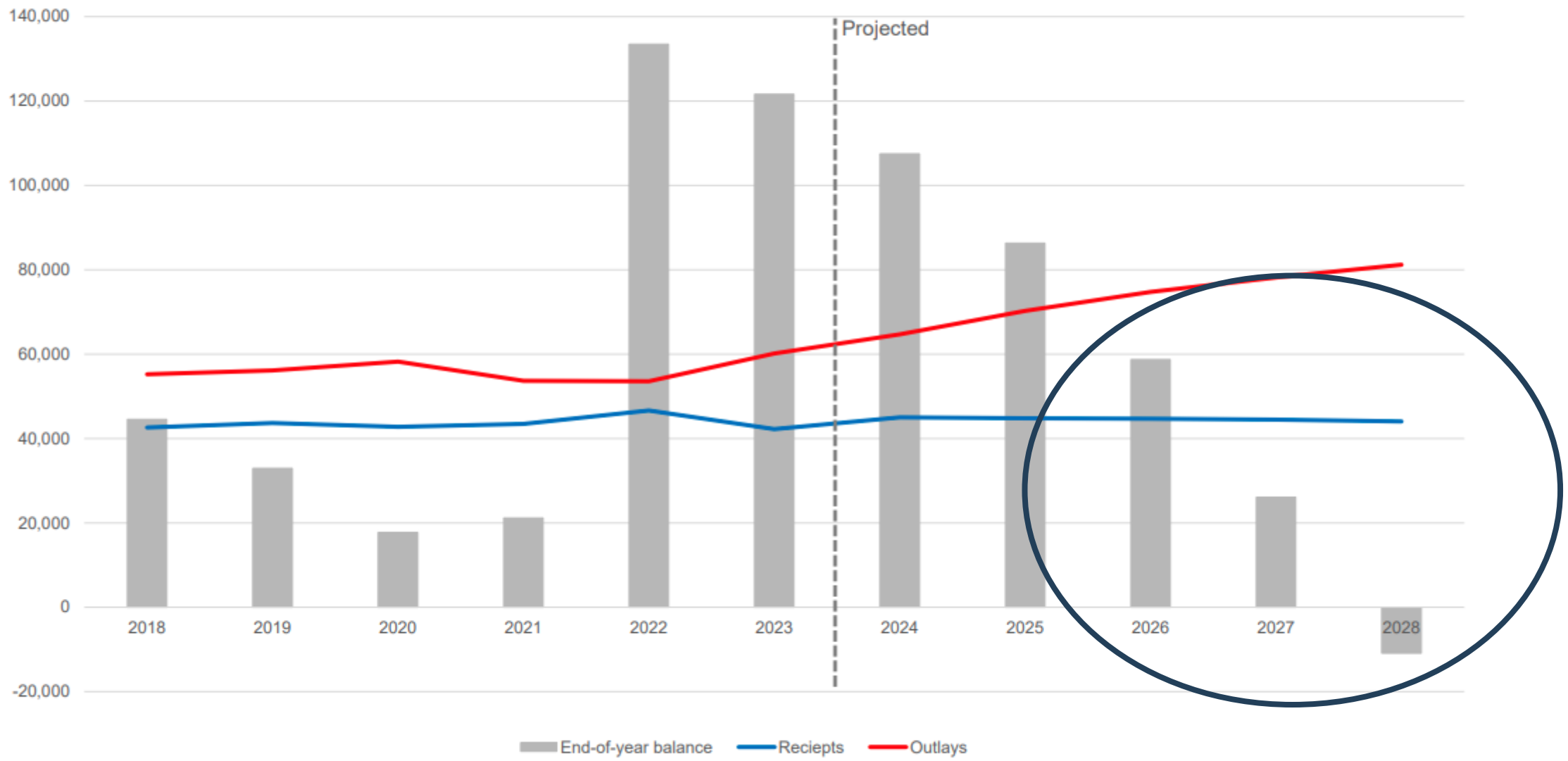


**Sources:** Public laws as indicated. Sequestration amounts from the FHWA.

**Notes:** Transfers are from the Treasury's general fund unless otherwise indicated. LUST refers to the Leaking Underground Storage Tank Trust Fund administered by the Environmental Protection Agency.

# Cash Flows and Balances of the Highway Trust Fund

Millions of dollars, by fiscal year



Data source: Congressional Budget Office. See [www.cbo.gov/publication/51300](http://www.cbo.gov/publication/51300).

## IN ORDER TO MAINTAIN IIJA FUNDING LEVELS AFTER 2026...

- A five-year bill will need \$143 billion in additional HTF revenue to continue current levels.
- To continue advance General Fund appropriations programs in IIJA, another \$195 billion will be needed.

...or a total of \$338 billion on top of existing HTF receipts.

# TO PAY FOR THE NEXT REAUTHORIZATION BILL CONGRESS COULD...

- Highway Trust Fund
  - Increase current HTF user fees (fees/taxes on fuel, trucks, tires, etc.)
  - Enact new sources of user fee revenue
  - Drastically reduce spending from the Highway Trust Fund
- General Fund
  - Continue General Fund transfers to the HTF
  - Provide additional funding through annual appropriations
  - Renew multiyear advance appropriations that were authorized in IIJA

# MATRIX OF POSSIBLE REVENUE OPTIONS

| Existing Highway Trust Fund Funding Mechanisms                 | Illustrative Rate or Percentage Increase | Definition of Mechanism/Increase                           | \$ in Billions      |                                |
|--|--|--|---------------------|--------------------------------|
|  |  |  | Assumed 2018 Yield* | Total Forecast Yield 2019–2023 |
| <b>Existing HTF Funding Mechanisms</b>                         |  |  |                     |                                |
| Diesel Excise Tax  | 20.0¢                                    | ¢/gal increase in current rate                             | \$8.8               | \$42.2                         |
| Gasoline Excise Tax  | 15.0¢                                    | ¢/gal increase in current rate                             | \$21.8              | \$102.1                        |
| Motor Fuel Tax Indexing of Current Rate to CPI (Diesel)        | --                                       | ¢/gal excise tax   |                     | \$3.7                          |
| Motor Fuel Tax Indexing of Current Rate to CPI (Gas)           | --                                       | ¢/gal excise tax   |                     |                                |
| Truck and Trailer Sales Tax                                    | 20.0%                                    | increase in current revenues, structure no                 |                     |                                |
| Truck Tire Tax   | 20.0%                                    | increase in current revenues, structure no                 |                     |                                |
| Heavy Vehicle Use Tax  | 20.0%                                    | increase in current revenues, structure no                 |                     |                                |
| <b>Other Existing Taxes</b>                                    |  |  |                     |                                |
| Minerals Related Receipts                                      | 25.0%                                    | increase in/reallocation of current revenue                |                     |                                |
| Harbor Maintenance Tax   | 25.0%                                    | increase in/reallocation of current revenue                |                     |                                |
| Customs Revenues   | 5.0%                                     | increase in/reallocation of current revenue                |                     |                                |
| Income Tax - Personal  | 0.5%                                     | increase in/reallocation of current revenue                |                     |                                |
| Income Tax - Business  | 1.0%                                     | increase in/reallocation of current revenue                |                     |                                |
| <b>License and Registration Fees</b>                           |  |  |                     |                                |
| Drivers License Surcharge                                      | \$5.00                                   | dollar assessed annually                                   |                     |                                |
| Registration Fee (Electric Light Duty Vehicles)                | \$100.00                                 | dollar assessed annually                                   |                     |                                |
| Registration Fee (Hybrid Light Duty Vehicles)                  | \$50.00                                  | dollar assessed annually                                   |                     |                                |
| Registration Fee (Light Duty Vehicles)                         | \$5.00                                   | dollar assessed annually                                   |                     |                                |
| Registration Fee (Trucks)                                      | \$100.00                                 | dollar assessed annually                                   |                     |                                |
| Registration Fee (All vehicles)                                | \$5.00                                   | dollar assessed annually                                   |                     |                                |
| <b>Weight and Distance Based Fees</b>                          |  |  |                     |                                |
| Freight Charge—Ton (Truck Only)                                | 10.0¢                                    | ¢/ton of domestic shipments                                | \$1.1               | \$5.8                          |
| Freight Charge—Ton (All Modes)                                 | 10.0¢                                    | ¢/ton of domestic shipments                                | \$1.3               | \$7.1                          |
| Freight Charge—Ton-Mile (Truck Only)                           | 0.5¢                                     | ¢/ton-mile of domestic shipments                           | \$10.1              | \$54.2                         |
| Freight Charge - Ton-Mile (All Modes)                          | 0.5¢                                     | ¢/ton-mile of domestic shipments                           | \$21.6              | \$115.9                        |
| Transit Passenger Miles Traveled Fee                           | 1.0¢                                     | ¢/ passenger mile traveled on all transit modes            | \$0.6               | \$3.2                          |
| Vehicle Miles Traveled Fee (Light Duty Vehicles)               | 1.0¢                                     | ¢/LDV vehicle mile traveled on all roads                   | \$29.1              | \$155.7                        |
| Vehicle Miles Traveled Fee (Trucks)                            | 1.0¢                                     | ¢/truck vehicle mile traveled on all roads                 | \$2.9               | \$15.7                         |
| Vehicle Miles Traveled Fee (All Vehicles)                      | 1.0¢                                     | ¢/ vehicle mile traveled on all roads                      | \$32.0              | \$171.5                        |
| <b>Sales Taxes on Transportation Related Economic Activity</b> |  |  |                     |                                |
| Freight Bill - Truck Only                                      | 0.5%                                     | percent of gross freight revenues (primary shipments only) | \$3.8               | \$20.2                         |
| Freight Bill - All Modes                                       | 0.5%                                     | percent of gross freight revenues (primary shipments only) | \$4.6               | \$24.8                         |
| Sales Tax on New Light Duty Vehicles                           | 1.0%                                     | percent of sales   | \$2.8               | \$14.9                         |
| Sales Tax on New and Used Light Duty Vehicles                  | 1.0%                                     | percent of sales   | \$4.2               | \$22.4                         |
| Sales Tax on Auto-related Parts & Services                     | 1.0%                                     | percent of sales   | \$2.7               | \$14.4                         |
| Sales Tax on Diesel  | 2.0%                                     | percent of sales (excluding excise taxes)                  | \$1.5               | \$7.9                          |
| Sales Tax on Gas   | 2.0%                                     | percent of sales (excluding excise taxes)                  | \$5.2               | \$28.0                         |
| Tire Tax (Light Duty Vehicles)                                 | 1.0%                                     | of sales of LDV tires                                      | \$0.3               | \$1.4                          |
| Sales Tax on Bicycles  | 1.0%                                     | percent of sales   | \$0.1               | \$0.3                          |
| <b>Other Excise Taxes</b>                                      |  |  |                     |                                |
| Container Tax  | \$15.00                                  | dollar per TEU   | \$0.7               | \$4.0                          |
| Imported Oil Tax   | \$2.50                                   | dollar/ barrel   | \$4.5               | \$23.9                         |

\* Assumed yield in 2018 or the latest year data is available.



# AASHTO 2025 POLICY ACTION AGENDA

1. Reduce Regulatory Burden and Streamline Project Delivery
2. Fix August Redistribution of Federal-aid Highway Program Dollars
3. Improve Execution of Build America, Buy America
4. Deliver Faster Results by Reforming Administration of Discretionary Grant Programs
5. Modernize Highway Trust Fund User Fees and “Do No Harm” to Crucial Transportation Funding



# Thank You!

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