tax rates will be needed to support higher program levels. Unlike the 1960s and early 1970s, the 1980s will not have a trend of growth in vehicular travel and associated motor fuel tax receipts that automatically increases total highway revenues even with fixed tax rates.

The timing and size of the tax increases needed to support expansions in program levels can be set in many ways. Neither existing laws nor historical precedents constrain Congressional options. This flexibility arises because of the long delay--about two and one-half years, on average--between the time authorized funds become available to states and the time actual cash outlays are made from the Highway Trust Fund (Appendix B contains a fuller discussion). Because of this delay, the Trust Fund could maintain a positive cash balance even with increased liabilities. For example, at the end of 1982 the Fund had a cash balance of about $9.0 billion while its total liabilities (dollars that the states are authorized to spend) were $19.3 billion. This shortfall need not represent a problem because the revenues from highway taxes collected in future years can be used to pay these bills when they come due.

The Byrd Amendment, a provision of the law that set up the Highway Trust Fund, ensures that the Fund will always be able to pay its bills. This amendment requires that if projected revenues over the remaining life of the Trust Fund are not adequate to pay for the authorized highway program, the Treasury Department must withhold apportionments from the states until the program is brought into line with expected receipts. This procedure can force the Congress to choose between a temporary halt to highway authorizations or an increase in highway taxes. In fact, such a temporary halt occurred in fiscal year 1983 when, because the Highway Trust Fund had not been extended beyond 1984 as was expected earlier in the year, the Congress was forced to authorize only $5.1 billion for highway programs as against $8.6 billion in 1982. 1/

But the Byrd Amendment by itself is not sufficient to preclude financial difficulties with the Highway Trust Fund since the projections upon which it must rely may be inaccurate. If the projected costs and receipts proved to be incorrect, a financing crisis could result unless the cash balance in the fund was maintained at a sufficiently high level to cover errors in estimation. During three of the last ten years, the discrepancy between the predicted and actual cash balance has exceeded $2 billion, and once was over $3 billion. Such misestimates may occur for several reasons. First, economic forecasts may be overoptimistic so that revenues will be overestimated. Second, as a highway program switches toward more repair work, outlays tend to speed up relative to historical patterns, and projections of outlays may not accurately anticipate this speed-up. Third, unforeseen

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1. For a more detailed discussion of the Byrd Amendment, see Congressional Budget Office, "Major Financial Changes in the Highway Trust Fund Since 1956," Staff Working Paper (unpublished), November 1982.

events such as another oil embargo may lead to conditions substantially different than those projected.

Because of such uncertainties, the protection offered by the Byrd Amendment does not necessarily ensure that the Highway Trust Fund will have sufficient cash to meet its liabilities. To protect against this contingency, the Fund should maintain a cash balance sufficient to cover unforeseen reductions in revenues and unanticipated increases in outlays. Based upon the experience of the last decade, a cash balance of around $3.5 billion appears to be the minimum necessary to protect against unforeseen variations in some future year. In estimating the tax implications of the three alternatives examined here, this minimum cash balance is assumed as a requirement of prudent financial management.

Current Spending Option

If current spending levels are continued (as detailed in the 1982 Senate proposal, S. 2574) the cash balance would fall from its current value of $9.0 billion to around $4.6 billion at the end of 1986 (see Table 12). This is not much above the $3.5 billion minimum balance required for prudent management. In particular, it means that in 1987 and later years receipts would need to cover outlays because little additional cash could be obtained by drawing down the Trust Fund balance. This would force the Congress either to increase highway user taxes at that point or to reduce program authorizations. In other words, although current spending trends could continue under current user tax rates through 1986, such a policy could not be sustained thereafter. Alternatively, a small tax increase now would permit the cash balance to be drawn down over a longer period of time.

Increased Program Level

The increased program level option assumes a tax increase for highway programs equivalent to four cents per gallon, as has been proposed by Secretary of Transportation Drew Lewis. This combination of program levels and taxes would maintain the cash balance in the Highway Trust Fund well above the minimum prudent level (see Table 13). Indeed, rather than drawing down the cash balance, this option would actually increase it from $9.0 billion at present to $14.4 billion at the end of 1986. A somewhat smaller initial tax increase would support the option, but this financing package offers a temporary budget advantage.

Redirected Federal Role

Without a tax increase, a refocused federal role would draw down the cash balance below the prudent minimum by 1986 (see Table 14). This could be prevented if federal highway taxes were increased by the equivalent of

TABLE 12. THE HIGHWAY TRUST FUND UNDER A CONTINUATION OF CURRENT SPENDING PATTERNS (In millions of dollars)

Fiscal Year	Authorizations a/	Outlays b/	Trust Fund Receipts c/	Cash Balance Start of Year	Change	Cash Balance End of Year
1983	8,710	8,260	7,820	9,020	(440)	8,580
1984	9,800	8,740	8,010	8,580	(730)	7,850
1985	9,800	9,410	7,950	7,850	(1,460)	6,390
1986	10,250	9,710	7,920	6,390	(1,790)	4,600

a. Total authorizations from the Highway Trust Fund including certain programs already enacted into law and programs (such as safety grants) under the jurisdiction of other committees.

b. Estimated by the Congressional Budget Office.

c. Treasury forecast of tax receipts together with the Congressional Budget Office estimate of interest rates.

TABLE 13. THE HIGHWAY TRUST FUND UNDER THE INCREASED PROGRAM OPTION (In millions of dollars)

Fiscal Year	Authorizations a/	Outlays b/	Trust Fund Receipts c/	Cash Balance Start of Year	Change	Cash Balance End of Year
1983	12,580	8,920	12,180	9,020	3,260	12,280
1984	13,050	11,280	12,860	12,280	1,580	13,860
1985	13,650	12,340	12,960	13,860	620	14,480
1986	14,580	13,090	13,010	14,480	(80)	14,400

a. Total authorizations from the trust fund including programs already enacted into law.

b. Estimated by the Congressional Budget Office based on the assumption that obligations equal authorizations.

c. Treasury forecast of tax receipts based on a four-cent-per-gallon increase in the motor fuels tax together with the Congressional Budget Office estimate of interest rates.

TABLE 14. THE HIGHWAY TRUST FUND UNDER A REDIRECTED FEDERAL ROLE (In millions of dollars)

Fiscal Year	Authorizations	Outlays a/	Trust Fund Receipts b/	Cash Balance Start of Year	Change	Cash Balance End of Year
1983	10,500	8,270	7,820	9,020	(450)	8,570
1984	10,500	9,670	7,960	8,570	(1,710)	6,860
1985	10,500	10,100	7,770	6,860	(2,330)	4,530
1986	10,500	10,240	7,720	4,530	(2,520)	2,010

a. Estimated by the Congressional Budget Office.

b. Treasury forecast of tax receipts together with the Congressional Budget Office estimate of interest rates.

1.4 cents per gallon in 1986. Alternatively, taxes could be increased by an amount sufficient to maintain a cash balance of at least $3.5 billion in the Highway Trust Fund throughout the four-year life of the program. A change equivalent to an increase of three-tenths of a cent per gallon in the tax on motor fuels would be sufficient to do this.

A second variation would be to increase federal taxes by an amount sufficient to provide a temporary turnback to the states of $2.6 billion per year, compensating them for the federal programs discontinued under this option. This would require a tax increase equivalent to around 2.7 cents per gallon--0.3 cents to keep the cash balance above $3.5 billion and 2.4 cents to generate $2.6 billion a year for the turnback. The 2.4 cents could be phased out over the next four years as an incentive for the states to develop their own financial resources.

Extension of the Highway Trust Fund

The options also differ in the degree to which they would restrict future program financing choices. Because of the normal two- to three-year delay between the time funds are authorized and the time they are actually spent, the Highway Trust Fund has always been extended beyond the last year of full highway authorizations. This permits the level of unpaid authorizations to exceed cash on hand and yet ensures that revenues will be available when needed. Since 1978, the Trust Fund has been extended for two years beyond the last year of full highway authorization. Under both the current spending option and the option of a refocused federal role, the Fund would have to be extended for three years beyond the last authorization or to 1989. A shorter extension would be possible, but only if these options were financed through a tax increase rather than by reducing the cash balance. Under the increased spending option, with its large tax increase, the cash balance in the Fund would be large enough to require extension only to 1987, one year beyond the last year of full authorization.

There is an important disadvantage in extending highway user taxes far beyond the life of the program they finance. This is that in the future taxes might have to be increased simply to maintain existing program levels. Such an approach does not encourage a balanced consideration of highway taxes and expenditures.

Highway Cost Allocation

The increased spending option requires higher federal highway taxes; an increase equivalent to a four-cents-per-gallon tax on motor fuels has been assumed as part of this option. This would generate almost $4.4 billion a year in revenues for the Highway Trust Fund, about 60 percent more than current taxes. If tax changes were made in line with what different classes of vehicles contribute to highway costs, the taxes paid by each vehicle class

would not all be increased in proportion to current payments. 2/ Automobile users, for example, pay highway taxes roughly in line with their share of federal highway costs and thus would expect a roughly 60 percent increase in their taxes--from about $25 a year to $42 a year in 1985 (see Table A-1 in Appendix A). Single-unit trucks pay, on average, about twice their share of federal costs and might reasonably have an overall reduction in their federal highway taxes--from an average of $253 per year to $205 per year. Semitrailer combination vehicles currently pay only about 80 percent of their share of federal highway costs. Their annual taxes should be doubled to about $2,850 in order to make up their current underpayment and to cover their share of increased highway taxes.

The largest combination trucks are over 75,000 pounds in gross vehicle weight and currently pay less than 60 percent of their share of federal costs. Under this principle, they would face by far the largest tax change, an increase of about $3,150 to almost $5,000 a year. This would raise average costs for these trucks by between 2 and 2.5 percent. Actual costs vary, of course, and some vehicles might experience higher percentage increases than the averages given here, particularly if they are driven relatively few miles. While clearly requiring some adjustments, such an increase for this heaviest class of trucks would be unlikely to cause any significant shift of traffic from truck to rail.

IMPACT ON THE BUDGET DEFICIT

Any change in the cash balance of the Highway Trust Fund translates directly into a change in the federal deficit (or surplus). Because the Highway Trust Fund is part of the unified federal budget, its receipts and outlays are consolidated with total federal revenues and outlays. For example, an increase in the cash balance for a particular year means that trust fund receipts have exceeded outlays, reducing the overall federal deficit. Similarly, when the cash balance declines the deficit increases.

Under the current spending option, the cash balance would be reduced by about $4.4 billion over the next four years, increasing the deficit by a corresponding amount. Most of this effect would come in fiscal years 1985 and 1986. The option of a redirected federal role, assuming no increase in taxes, would have a similar but somewhat larger effect on the deficit.

The increased program option would provide significant short-term help on the deficit because it would be financed by a substantial increase in user taxes. The effect on the deficit would be less than the change in the cash

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2. The cost estimates used here are based on a recent DOT study. See U. S. Department of Transportation, Final Report on the Federal Highway Cost Allocation Study, pursuant to Section 506 of Public Law 95-599, May 1982.

balance, however, since increased highway taxes would result in somewhat reduced corporate tax collections. For 1983, the net reduction in the deficit would be somewhat less than $3 billion. In later years, as outlays matched revenues, there would be no effect or a small increase in the deficit.

CONCLUSIONS

In order to maintain the nation's major roads and complete the Interstate Highway System, the Congress could move in either of two directions: it could increase federal spending to keep pace with needed repairs; or it could redefine the federal role in the highway program, turning back to states the responsibility for all roads and programs not essential to connect the nation's major cities and industrial activities. Continuation of the current spending pattern remains possible in the short run, but it would mean increasing deterioration of the nation's highways. Either the federal government must respond or the states will be forced to fill the gap. The salient characteristics of each major option are described in Table 15.

If current policies were continued, the federal expenditure on roads could be held down, but needed repairs would continue to be deferred because of inadequate funding. While this approach could avoid an increase in highway taxes for at least several years, it would also intensify the financial pressures on state governments, especially in areas where their needs are greatest and where the likelihood of future federal assistance is seen as most improbable. Uncertainty about specific future financial responsibility at each level of government could defer many needed repair projects, and the real long-run cost of maintaining the nation's essential roads might be driven up as a result. In addition, by drawing down the cash balance of the Highway Trust Fund, this option would increase the federal deficit by a total of $4.4 billion during the next four years.

The increased program level option would cost the federal government more than the other approaches, at least in the short run. It would raise Highway Trust Fund authorizations from $8.6 billion in 1982 to an average of $13.5 billion per year over the next four years. This would be applied across all programs, with the largest increase reserved for Interstate repair and reconstruction. The higher spending should help to hold down the long-run costs of keeping the nation's essential routes in safe operating condition. It could also help improve the nation's overall economic efficiency. An increase in federal user fees equivalent to four cents per gallon of motor fuel would be sufficient to pay for this program, and would have the further advantage of helping to reduce the federal deficit. Because highway tax receipts would increase more rapidly than highway spending under this approach, the federal deficit would be smaller by a total of $5.4 billion over the next four years.

The redirected federal role would ensure adequate funding for the principal routes that connect the nation's major centers and that carry more

TABLE 15. SUMMARY OF MAJOR HIGHWAY OPTIONS

Criteria	Current Policy	Increased Program Levels	Redirected Federal Role
Average Annual Authorization, 1983-1986 (In billions of dollars)	9.6	13.5	10.5
Adequacy to Meet Highway Needs	Not adequate	Generally adequate; more funds would be required for Interstate repair	Adequate for Interstate and Primary; all other systems would rely exclusively on states
Timing of Tax Increase	Could wait until 1987	Necessary now	Could wait until 1986
Burden on States	Current financial pressures on states would continue to mount as federal aid remained inadequate	No burden. The increase in federal programs would help alleviate financial pressure on states	Major increases in state activity would be required, often forcing states to increase state user fees
Effect on Long-Run Costs of Maintaining Essential Roads in Repair	Costs would probably be driven up by inefficient deferral of repairs	Costs would be reduced if increased funding was targeted on needed repairs to essential routes	Costs for Interstate and Primary would be reduced
Effect on Deficit	Deficit would increase by $4.4 billion over four years	Deficit would decrease by $5.4 billion over four years a/	Deficit would increase by $5.5 billion over four years

a. Does not include any reduction in receipts from income taxes.

than half of intercity highway traffic. This program could be financed without a tax increase, although it would add to the federal deficit in the near term and would sharply increase state financial responsibilities without increasing their revenues. Because of these substantial disadvantages, it might be preferable to consider a simple variation to this option. For example, by returning $2.6 billion annually to the states to pay for their Secondary and Urban routes and other locally important projects, the federal government could provide financial backing that would more than cover their new program responsibilities. Even though it would mean a temporary increase in federal highway taxes, it would better align the highway responsibilities of each level of government. The federal government would become more fully involved in the repair of major intercity roads, and the states and counties would assume full responsibility for all other routes. The $2.6 billion that the federal government would contribute to support those systems could be phased down once the states had had time to get their own programs and financing established by their legislatures. In the long run, this realignment of roles would simplify the highway program, making it more responsive to the specific needs and priorities of the units of government that are most affected by any particular route system.

APPENDIXES

APPENDIX A. HIGHWAY COST ALLOCATION

Some groups of drivers use highways more than other groups. It is generally agreed that users should pay for the highway costs that they themselves occasion. The Department of Transportation (DOT) has recently completed the first complete allocation study of federal highway costs and revenues in almost 20 years. 1/ It represents a significant improvement over previous studies of this sort, chiefly because it assigns to each group of road users costs proportional to the wear and tear that they cause. Because the new method assigns costs fairly, a system of user fees based upon it would encourage efficient use of the transportation network.

DOT's highway cost allocation study shows that payments by automobiles and pickups and vans roughly match their share of federal highway costs, but that this is not the case for trucks (see Table A-1). Light trucks overpay, while heavy trucks underpay. For example, single-unit trucks as a group currently pay almost twice their fair share, and should have a major reduction in their federal highway taxes--possibly through an exemption from the taxes on truck sales and truck parts. (Some of the heaviest single-unit trucks--dump trucks, for example--underpay.) Semitrailer combination trucks, on the other hand, currently underpay by 20 percent. Within this class of vehicles, the degree of underpayment increases rapidly with vehicle size. Some of the heaviest trucks, those over 75,000 pounds gross vehicle weight, should pay almost 70 percent more in federal highway taxes than they do at present.

Fair-Share Tax Increases

If all highway user taxes were increased in equal proportion to finance the House bill, the increase in taxes paid by each user group would vary widely. An increase in the motor fuel tax would be a particularly unsatisfactory way to restore tax balance, since over 80 percent of it is paid by passenger vehicles (autos, motorcycles, buses and pickups, and vans). Very little is paid by the heaviest trucks, those vehicles that the cost allocation study shows pay the least relative to their costs. On the other hand, if new taxes were set in line with the cost responsibility of each group, passenger vehicles would be assigned only about 60 percent of the increase while payments by combination trucks would more than double to about $2,800 a year (see Table A-1). Users of single-unit trucks, on the

1. U. S. Department of Transportation, Final Report on the Federal Highway Cost Allocation Study, pursuant to Section 506 of Public Law 95-599, May 1982.

TABLE A-1. SUMMARY OF RESULTS FROM DOT's HIGHWAY COST ALLOCATION STUDY (In dollars per vehicle for 1985)

Vehicle Class	Current Highway Program			Payments Under Taxes for House Bill ($11.7 billion a year)	
	Payments	Costs a/	Ratio of Payments to Costs	Based on Cost Allocation Results	Based on Fuel Tax Increase Alone
Automobiles	25	26	0.97	42	46
Buses	6	191	0.04	306	9
Pickups and Vans	40	37	1.08	59	71
Single-Unit Trucks	253	128	1.99	205	321
Combination Trucks	1,411	1,778	0.80	2,850	1,790
Over 75,000 pounds	1,819	3,101	0.59	4,970	2,331
All Vehicles	46	46	1.00	74	73

NOTE: Estimates based on program mix assumed by DOT's cost allocation study. A shift in effort toward more reconstruction or away from local roads, as proposed by the needs-based option, would probably increase the cost responsibility of combination trucks relative to lighter vehicles.

a. This also approximates the payments that would be required under both the Senate highway bill and the option of a redirected federal role if the cash balance were to be reduced and taxes realigned as suggested by the highway cost allocation study.

other hand, would receive a tax reduction of about $18 per year, 7 percent of their current payments. Lighter passenger vehicles would pay a tax increase roughly in proportion to their current tax payments, an increase averaging about $24 per year over their current $25. The heaviest classes of trucks (those over 75,000 pounds) would face a tax increase of about 210 percent to $5,700 per truck a year.

Put another way, in order for each group of users to pay its fair share of the overall highway bill, more than an across-the-board increase in taxes would be required. The most difficult issues would be raised by the heaviest vehicles, for which the tax increases would be largest. For example, the heavy vehicle use tax could be graduated so as to bring the tax payments by each group into line with its cost responsibility. If that was the only tax to be increased, trucks over 75,000 pounds would have to pay $58 per thousand pounds per year instead of $3 as at present. Alternatively, if the tax on diesel fuel was the only one to be increased, it would have to be raised to 26 cents per gallon in order for trucks over 75,000 pounds to pay their share of costs. (In that case, however, a system of rebates would be required to refund over $20 billion so that all other vehicle classes would not overpay.)

Such extreme increases could be moderated by a combination of tax changes designed to achieve a general balance between payments and responsibility. Several alternatives were suggested in the DOT cost allocation study. One alternative, shown in Table A-2, changes eight specific taxes. It would raise $5.3 billion in additional revenue, and would result in each class of vehicles (except motorcycles) paying within 10 percent of its allocated costs. A smaller tax increase would be required if existing tax exemptions were removed.

Losses Due to Tax Exemptions

The most extreme examples of users whose highway taxes are out of line with the costs they impose are those who are exempt from paying certain taxes. About $750 million a year is lost to the trust fund because of these exemptions. These exempt groups include state and local governments, buses (intercity, transit, and school buses), and producers of alcohol fuels. 2/ In addition, off-road users--primarily farmers--are exempt from paying highway taxes. For off-road users the amount lost is extremely difficult to estimate, and enforcement is probably impractical in any case.

Table A-3 summarizes the major exemptions and their estimated costs. Abolishing these subsidies would increase revenues by an amount equal to a

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2. The fuel tax exemption for alcohol fuel producers amounts to 10 times the federal tax or 40 cents per gallon, since each gallon of gasohol contains only 10 percent alcohol. Several states have additional exemptions/subsidies for producers of alcohol fuel.

TABLE A-2. AN ALTERNATIVE SET OF HIGHWAY TAXES FOR THE INCREASED PROGRAM OPTION

Tax	Current Rates	New Rates
Gasoline	4 cents per gallon	7.8 cents per gallon
Diesel and Special Fuels	4 cents per gallon	10.4 cents per gallon
Lubricating Oil	6 cents per gallon	No tax
Tires	9.75 cents per pound	13.0 cents per pound for 0-50 pounds; 26.0 cents per pound for 50-100 pounds; 39.0 cents per pound for over 100 pounds
Inner Tubes	10 cents per pound	No tax
Tread Rubber	5 cents per pound	39.0 cents per pound
New Vehicle Tax	10 percent of manufacturer's wholesale price for trucks, tractors, and trailers over 10,000 pounds GVW	10.7 percent for trucks, tractors, and trailers over 33,000 pounds GVW
Parts and Accessories	8 percent of manufacturer's wholesale price for truck, tractor, and trailer parts	10.7 percent for trucks, tractors, and trailers over 33,000 pounds GVW
Heavy Vehicle Use Tax	$3.00 per 1,000 pounds GVW over 26,000 pounds	GVW — Tax per 1,000 lbs.
		60,000-70,000 — $ 2.34
		70,000-75,000 — 24.18
		Over 75,000 — 46.93

SOURCE: Current law plus Option 3 from Department of Transportation, Final Report on the Federal Highway Cost Allocation Study.

GVW = Gross Vehicle Weight.

TABLE A-3. COST OF MAJOR EXEMPTIONS FROM FEDERAL HIGHWAY TAXES (In millions of dollars)

Exemption	Estimated Average Annual Cost, 1983-1986 a/
State and Local Governments	370
Transit Buses	89
School Buses	85
Intercity Buses	32
Other Private Buses	67
Alcohol Fuels	116
Exemption of Federal Vehicles from Heavy Vehicle Use Tax	1
Total	760

SOURCE: U. S. Department of Transportation, Final Report on the Federal Highway Cost Allocation Study, May 1, 1982, p. I-24, estimate for 1985.

a. The exemption for fuel-efficient taxicabs is scheduled to expire at the end of calendar year 1982. For 1982, its cost is estimated at $4 million.

tax of two-thirds of a penny on motor fuel. While the subsidies have little economic rationale, ending them would create some short-term financial problems. In particular, state and local governments would need to find almost $550 million in new revenues (or reduced services)--$370 million for direct highway use, $90 million for transit, and $85 million for school buses.

APPENDIX B. RELATIONSHIP BETWEEN HIGHWAY AUTHORIZATIONS AND OUTLAYS

Outlays are the last of a three-step process running from authorizations to obligations to outlays. Once a particular authorization has become available to the states (in budget jargon, has been apportioned among the states) it is available for obligation. An obligation is created when a state signs a contract with a construction firm to perform a particular piece of work on a particular highway segment. Once the work has been completed, the federal government is obligated to pay its share of the project's cost to the state, which then pays the contractor. This is called an outlay.

On average, the time between authorization and obligation is less than two years. Obligations, in turn, reach the outlay stage in a little over two years although the process may take seven years or more. On average, the total time from authorization to outlay is about three years.

This lag between authorization and outlay explains why it is possible for the level of liabilities (unpaid authorizations) to exceed cash on hand. At the end of 1982, for example, total liabilities are projected to be about $19.3 billion. With a cash balance of about $9.0 billion, unfunded liabilities will be $10.3 billion. Since annual Trust Fund receipts are predicted to be about $8.1 billion over the next four years, 1.3 years of additional revenues will be required to finance the unfunded liabilities. This "overhang" has been fairly typical of the Trust Fund in recent years.

While the number of years of Trust Fund overhang is a useful measure of changes in the financial status of the Trust Fund, there is no agreement as to what level would represent a high degree of risk. Risk would be zero, of course, if unfunded liabilities were eliminated--that is, if the cash balance was equal to unpaid authorizations. From a cash flow standpoint, such a strict standard is unnecessary so long as the Trust Fund is expected to continue.

A more reasonable yardstick would be to examine the expected lapse of time between authorizations and outlays. Experience suggests two years as a prudent maximum for the years of overhang. If overhang exceeds this, it may be a sign that the system is heading toward eventual insolvency.

TABLE C-1. GASOLINE TAXES BY STATE

State	Current Tax (cents per gallon)	Year Last Change Made by State Legislature	Change (cents per gallon)
Alabama	11.0	1979	4.0
Alaska	8.0	c/	c/
Arizona	10.0 a/	1981	2.0
Arkansas	9.5	1978	1.0
California	7.0 a/	c/	c/
Colorado	9.0	1980	2.0
Connecticut	11.0	c/	c/
Delaware	11.0	1980	2.0
District of Columbia b/	14.0	1981	1.0
Florida	8.0	c/	c/
Georgia	7.5	c/	c/
Hawaii	8.5	c/	c/
Idaho	12.5	1981	1.0
Illinois	7.5	---	c/
Indiana	11.1	1981	0.6
Iowa	13.0	1980	2.0
Kansas	8.0	c/	c/
Kentucky b/	10.0	1981	0.4
Louisiana	8.0	c/	c/
Maine	9.0	c/	c/

(Continued)

TABLE C-1. (Continued)

State	Current Tax (cents per gallon)	Year of Last Change	Change (cents per gallon)
Maryland	11.0 a/	1981	2.0
Massachusetts b/	10.4	1981	1.0
Michigan	11.0	1978	2.0
Minnesota	13.0	1980	4.0
Mississippi	9.0	c/	c/
Missouri	7.0	c/	c/
Montana	9.0	1978	1.0
Nebraska b/	14.0	1981	0.1
Nevada	12.0	1981	1.5
New Hampshire	14.0	1980	3.0
New Jersey	8.0	c/	c/
New Mexico b/	10.0	1980	2.0
New York	8.0	c/	c/
North Carolina	12.25	1980	2.75
North Dakota	8.0	c/	c/
Ohio b/	11.7	1981	1.4
Oklahoma	6.58	1980	0.08
Oregon	8.0	1980	1.0
Pennsylvania b/	11.0	1978	2.0
Rhode Island b/	11.0	1981	1.0

(Continued)

TABLE C-1. (Continued)

State	Current Tax (cents per gallon)	Year of Last Change	Change (cents per gallon)
South Carolina	13.0	1980	2.0
South Dakota	13.0	1980	1.0
Tennessee	10.0	1980	3.0
Texas	5.0	c/	c/
Utah	11.0	1980	2.0
Vermont	11.0	1980	2.0
Virginia b/	11.0	1979	2.0
Washington b/	12.0	1981	1.5
West Virginia	10.5	1977	2.0
Wisconsin	13.0	1980	4.0
Wyoming	8.0	c/	c/

a. Future increase in taxes already enacted.

b. States with variable tax rate.

c. No change in taxes over last four years.