Federal Highway Spending and Revenues

Transportation Research Board, 99th Annual Meeting
Standing Committee on Revenue and Finance

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Federal Spending for Highways
Public Spending for Highways as a Share of GDP

GDP = gross domestic product.
Federal Spending for Highways, Adjusted for Inflation

Billions of 2017 Dollars

- Adjusted With Government-Specific Capital and Consumption Price Indexes
- Adjusted With GDP Deflator
Federal Spending for Highways in the Future

Policymakers could use a number of different criteria to guide decisions about how much the federal government should spend for highways.

- In the Federal Highway Administration’s (FHWA’s) Improve Conditions and Performance Scenario, projects would be funded if their benefits met or exceeded their costs.

- In the FHWA’s Maintain Conditions and Performance Scenario, projects would be funded to keep overall conditions and performance unchanged by the end of 20 years.

- Alternatively, policymakers could set spending equal to expected revenues in the Highway Trust Fund.
Shares of Total Federal-Aid Highway Spending Devoted to Various Purposes

- Share Suggested by FHWA's Improve Conditions and Performance Scenario
- Actual Share, 2014

**Interstate Highways**
- System Expansion
- Highway Rehabilitation
- Bridge Rehabilitation

**Rural**

**Urban**

**Other Federal-Aid Highways**
- System Expansion
- Highway Rehabilitation
- Bridge Rehabilitation

**Percent**
0 5 10 15 20 25 30
Highway Trust Fund Revenues
Sources of Revenues Credited to the Highway Trust Fund, 2018

- Gasoline and Other Fuels Tax: $36.2 billion
- Diesel Tax: $10 billion
- Truck and Trailer Tax: $5 billion
- Use Tax on Certain Vehicles: $1 billion
- Tires and Tread Rubber Tax: $0.5 billion
- Other Taxes and Fines: $0.5 billion

Total: $36.2 billion

Taxes Specific to Heavy Vehicles: $6.3 billion
These are the values in CBO’s May 2019 baseline budget projections. For surface transportation programs funded from the Highway Trust Fund, CBO’s baseline projections of outlays do not consider whether projected balances in the trust fund are sufficient to support any particular amount of spending. Rather, CBO’s projections of the balances or shortfalls in the trust fund reflect the cash flows that would stem from the spending and revenues as projected separately in CBO’s baseline. For more information, see Congressional Budget Office, The Highway Trust Fund and the Treatment of Surface Transportation Programs in the Federal Budget (June 2014), www.cbo.gov/publication/45416.
## Estimated Spending From the Highway Account of the Highway Trust Fund Under S. 2302

### Millions of Dollars

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<tbody>
<tr>
<td><strong>Start-of-Year Balance</strong></td>
<td>23,542</td>
<td>13,518</td>
<td>303</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
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<td><strong>Revenues and Interest</strong></td>
<td>37,739</td>
<td>37,282</td>
<td>36,955</td>
<td>36,762</td>
<td>36,650</td>
<td>36,560</td>
<td>221,949</td>
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<td><strong>Outlays</strong></td>
<td>46,763</td>
<td>49,498</td>
<td>53,357</td>
<td>55,391</td>
<td>56,560</td>
<td>57,941</td>
<td>319,510</td>
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<td><strong>End-of-Year Balance</strong></td>
<td>13,518</td>
<td>303</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>n.a.</td>
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### Memorandum: Shortfall

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<td>n.a.</td>
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<td>-17,099</td>
<td>-19,629</td>
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<td>-20,910</td>
<td>-22,381</td>
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All years shown are federal fiscal years. Components may not add up to totals because of rounding. Outlays, revenues, and interest projections are relative to CBO’s May 2019 baseline.

n.a. = not applicable.

a. Under current law, the Highway Trust Fund cannot incur negative balances. However, following the rules in the Balanced Budget and Emergency Deficit Control Act of 1985 for constructing the baseline, this estimate for surface transportation spending incorporates the assumption that obligations presented to the Highway Trust Fund will be paid in full. The memorandum to this table shows the shortfall of fund balances, assuming spending amounts consistent with CBO’s estimate for S. 2302 for the Federal-Aid Highway Program and CBO’s May 2019 baseline for the National Highway Traffic Safety Administration and Federal Motor Carrier Safety Administration programs, which are part of the Highway Account of the Highway Trust Fund.

b. Some of the taxes that are credited to the Highway Trust Fund are scheduled to expire on September 30, 2022, including the taxes on tires and all but 4.3 cents of the federal tax on motor fuels. However, under the rules in the Deficit Control Act for constructing the baseline, this estimate incorporates the assumption that all of the expiring taxes credited to the fund will continue to be collected after fiscal year 2022.

c. End-of-year balances reflect amounts transferred from the trust fund’s highway account to its transit account—in 2018, $1.6 billion. CBO estimates that those transfers will equal $1 billion annually over the 2020–2025 period.
These are the values in CBO’s May 2019 baseline budget projections. For surface transportation programs funded from the Highway Trust Fund, CBO’s baseline projections of outlays do not consider whether projected balances in the trust fund are sufficient to support any particular amount of spending. Rather, CBO’s projections of the balances or shortfalls in the trust fund reflect the cash flows that would stem from the spending and revenues as projected separately in CBO’s baseline. For more information, see Congressional Budget Office, *The Highway Trust Fund and the Treatment of Surface Transportation Programs in the Federal Budget* (June 2014), [www.cbo.gov/publication/45416](http://www.cbo.gov/publication/45416).
Option to Increase Taxes on Motor Fuels and Index for Inflation

In 2018, CBO published an estimate prepared by the staff of the Joint Committee on Taxation of the effects on revenues of increasing excise taxes on motor fuels, beginning in January 2019.

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<td>Increase the Tax Rates by 15 Cents</td>
<td>15.2</td>
<td>21.9</td>
<td>22.7</td>
<td>23.5</td>
<td>24.2</td>
<td>107.5</td>
<td>237.1</td>
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<td>Increase the Tax Rates by 35 Cents</td>
<td>35.1</td>
<td>50.2</td>
<td>51.3</td>
<td>52.2</td>
<td>53.1</td>
<td>241.9</td>
<td>514.9</td>
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CBO's Analysis of Revenues From a Tax on Vehicle Miles Traveled (VMT) by Commercial Trucks
Estimated Annual Gross Revenues From Uniform VMT Taxes on All Roads

Billions of 2017 Dollars

Tax Rate (Cents per mile)

- All Trucks
- Combination Trucks
Estimated Annual Revenues From a VMT Tax of 5 Cents per Mile, by the Road Network Included in the Tax Base

Billions of 2017 Dollars

Limiting the roads covered by a VMT tax would have less effect on revenues if the tax applied only to combination trucks.
Recent Publications From CBO About Federal Highway Spending


