



**ANSWER TO A QUESTION  
FOR THE RECORD**

Following a Hearing on  
**the Long-Term Solvency of  
the Highway Trust Fund**

Conducted by the  
Committee on Environment and Public Works  
United States Senate

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On April 14, 2021, the Senate Committee on Environment and Public Works convened a hearing at which Joseph Kile, the Congressional Budget Office's Director of Microeconomic Analysis, testified on approaches to addressing the long-term solvency of the Highway Trust Fund.<sup>1</sup> After the hearing, Chairman Carper submitted a question for the record. This document provides CBO's answer. It is available at [www.cbo.gov/publication/57190](http://www.cbo.gov/publication/57190).

## Chairman Carper's Question About an Annual Fee on Electric Vehicles

**Question.** There is a lot of interest in having EV drivers contribute to the Highway Trust Fund. Given that currently only about 1% of the vehicle fleet is electric, if Congress were to levy an annual fee on EVs in an amount that is approximately commensurate with the amount paid in gasoline tax by an average driver of a light duty passenger vehicle with a gasoline engine, how much revenue would that be expected to raise over the next five years, and what percent of the anticipated shortfall in the Highway Trust Fund would that equate to?

**Answer.** In 2019, total gasoline taxes paid for each light-duty vehicle—a category mainly composed of cars and other passenger vehicles—averaged about \$100. If the Congress imposed an annual fee of \$100, starting in October 2021, on all light-duty electric vehicles (both all-electric vehicles, which run solely on battery power, and plug-in hybrid electric vehicles), the revenues generated by that fee would total about \$1.1 billion from fiscal years 2022 through 2026. That amount would equal 1.6 percent of the Highway Trust Fund's cumulative

shortfall over that five-year period, according to CBO's baseline budget projections as of February 2021.<sup>2</sup> If the fee was not applied to plug-in hybrids, the amount of money collected would be smaller, and operators of those vehicles would not have to pay both the fee and gasoline taxes.

To prepare those estimates, CBO relied on the Energy Information Administration's projections of the number of light-duty electric vehicles and on the Federal Highway Administration's estimates of fuel consumption by light-duty vehicles.<sup>3</sup> CBO's estimate of revenues from a fee on electric vehicles does not account for the fact that imposing such a fee would reduce taxable business and individual income, resulting in decreases in income and payroll tax receipts that would not affect the Highway Trust Fund but would, in the overall budget, partially offset the amount of money collected from the new fee.<sup>4</sup> In addition, the estimate does not account for the cost of the administrative and auditing systems that would have to be in place once the fee went into effect. The development of such a framework would take time and funding. Outreach to owners of electric vehicles would be necessary as well.

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1. Testimony of Joseph Kile, Director of Microeconomic Analysis, Congressional Budget Office, before the Senate Committee on Environment and Public Works, *Addressing the Long-Term Solvency of the Highway Trust Fund* (April 14, 2021), [www.cbo.gov/publication/57110](http://www.cbo.gov/publication/57110).

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2. Congressional Budget Office, "Details About Baseline Projections for Selected Programs: Highway Trust Fund Accounts" (February 2021), [www.cbo.gov/publication/51300](http://www.cbo.gov/publication/51300).

3. U.S. Energy Information Administration, *Annual Energy Outlook 2021* (February 2021), Table 39, [www.eia.gov/outlooks/aeo/](http://www.eia.gov/outlooks/aeo/); and Federal Highway Administration, Office of Highway Policy Information, "Highway Statistics 2019" (November 2020), Table VM-1, <https://go.usa.gov/xHdwq>.

4. See Congressional Budget Office, *The Role of the 25 Percent Revenue Offset in Estimating the Budgetary Effects of Legislation* (January 2009), [www.cbo.gov/publication/20110](http://www.cbo.gov/publication/20110); and Joint Committee on Taxation, *Updated Income and Payroll Tax Offsets to Changes in Excise Tax Revenues for 2021–2031*, JCX-11-21 (February 23, 2021), [www.jct.gov/publications/2021/jcx-11-21/](http://www.jct.gov/publications/2021/jcx-11-21/).