

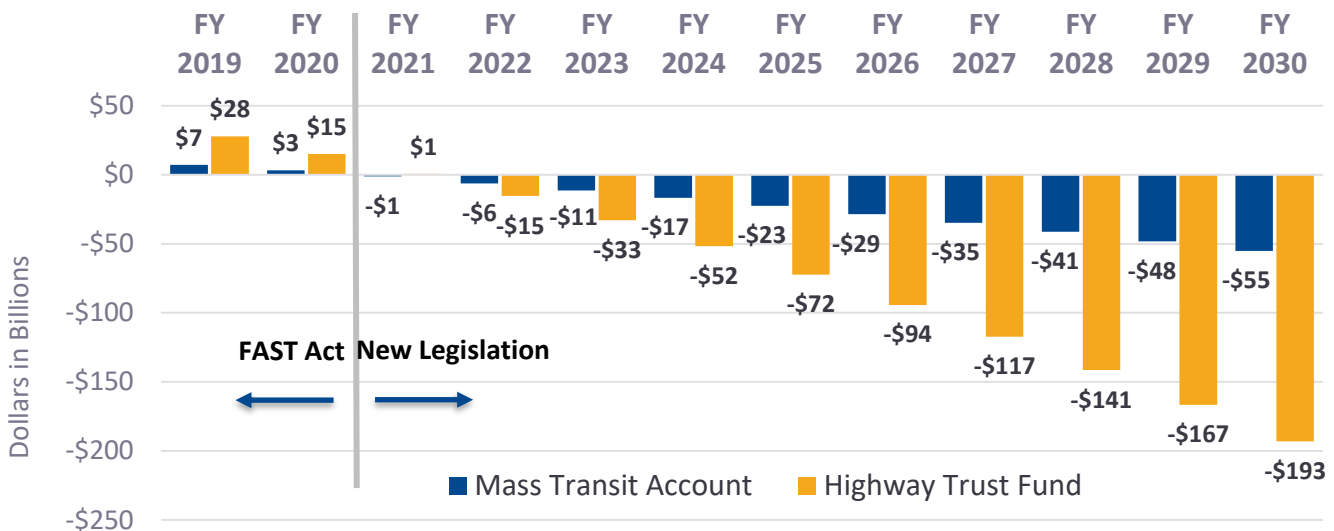


Highway Trust Fund: Congress Must Act Now

Key Points

- Federal gas and diesel taxes, which fund the Highway Trust Fund (and its Mass Transit Account), have not been increased in more than 25 years (since 1993). The gas tax (18.3 cents per gallon) has lost more than 40 percent of its purchasing power over that time.
- As a result, the shortfall in the Trust Fund is \$193 billion over the next 10 years, just to maintain current public transit and highway investment levels. Furthermore, the Mass Transit Account of the Trust Fund is projected to have a negative balance in Fiscal Year 2021 (beginning October 2020).
- APTA strongly urges Congress to increase federal motor vehicle fuel user fees by five cents per year for five years (total: 25 cents); index the user fees to maintain their purchasing power; and seek alternative, long-term solutions to the Trust Fund that maintain a user fee nexus (e.g., vehicle miles traveled (VMT) fees). APTA also supports any other reasonable, bipartisan plan to increase dedicated revenues to the Trust Fund.
- We stand ready to work with Congress to advance this critical priority.

The Highway Trust Fund, which includes both a Mass Transit Account and a Highway Account, is primarily funded by federal gas and diesel fuel excise taxes. Under the most recent Congressional Budget Office (CBO) projection, current Trust Fund revenues will only support existing federal highway programs through Fiscal Year (FY) 2021. **According to CBO, the Mass Transit Account will become insolvent in FY 2021, and the overall 10-year shortfall in the Trust Fund is \$193 billion.**



Source: Highway Trust Fund estimates based on CBO data (January 2020) and include funds necessary to maintain account "prudent balances" for cash management purposes, as estimated by the U.S. Department of Transportation.

The Mass Transit Account was established under President Ronald Reagan in 1983. Since that time, the Transit Account has received 20 percent of every revenue increase provided to the Highway Trust Fund. Currently, 2.86 cents per gallon of gas taxes (18.3 cents per gallon) and diesel fuel taxes (24.3 cents per gallon) are deposited into the Mass Transit Account.

Federal fuel taxes were last increased in 1993, and they were not indexed to inflation, leading to major shortfalls in Trust Fund revenues. Since 2008, Congress has transferred more than **\$144 billion** from the General Fund and other revenues to the Highway Trust Fund to make up the revenue shortfall.

Highway Trust Fund Balance

(amounts in billions of dollars)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
HIGHWAY ACCOUNT												
Revenues	\$39	\$38	\$38	\$38	\$38	\$37	\$37	\$37	\$37	\$37	\$37	\$37
Outlays	\$46	\$46	\$47	\$48	\$49	\$50	\$51	\$52	\$53	\$54	\$55	\$56
End-of-Year Balance	\$21	\$12	\$2	-\$9	-\$22	-\$35	-\$50	-\$66	-\$82	-\$100	-\$119	-\$138
MASS TRANSIT ACCOUNT												
Revenues	\$6	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Outlays	\$11	\$11	\$11	\$11	\$12	\$12	\$12	\$12	\$13	\$13	\$13	\$13
End-of-Year Balance	\$7	\$3	-\$1	-\$6	-\$11	-\$17	-\$23	-\$29	-\$35	-\$41	-\$48	-\$55
TOTAL HIGHWAY TRUST FUND BALANCE												
End-of-Year Balance	\$28	\$15	\$1	-\$15	-\$33	-\$52	-\$72	-\$94	-\$117	-\$141	-\$167	-\$193

Source: Highway Trust Fund estimates based on CBO data (January 2020) and include funds necessary to maintain account "prudent balances" for cash management purposes, as estimated by the U.S. Department of Transportation.

In January 2018, the U.S. Chamber of Commerce proposed a plan to increase the federal motor vehicle fuel user fee by five cents per year over five years (total: 25 cents), and index user fees to inflation and increased fuel economy to maintain the purchasing power of this revenue source. The Chamber estimated that this plan would cost average Americans approximately \$9 per month in additional gas taxes and would raise **\$394 billion** for the Trust Fund over 10 years. In addition, Congress should seek alternative, long-term solutions that maintain a user fee nexus, including VMT fees, which are currently being tested in some states.

APTA strongly supports this plan and our Board of Directors has specifically endorsed it. APTA also supports any other reasonable, bipartisan plan to increase dedicated revenues to the Highway Trust Fund.

Our most important issue continues to be the long-term solvency of the Highway Trust Fund, and we stand ready to work with Congress to advance this critical priority.