

AMERICA BUILDS: THE NEED FOR A LONG-TERM SOLUTION FOR THE HIGHWAY TRUST FUND

(119-17)

HEARING
BEFORE THE
SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
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APRIL 25, 2025

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Highways and Transit
FROM: Staff, Subcommittee on Highways and Transit
RE: Subcommittee Hearing on “*America Builds: The Need for a Long-Term Solution for the Highway Trust Fund*”

I. PURPOSE

The Subcommittee on Highways and Transit of the Committee on Transportation and Infrastructure will meet on Tuesday, April 29, 2025, at 10:15 a.m. ET in 2167 of the Rayburn House Office Building to receive testimony at a hearing entitled, “*America Builds: The Need for a Long-Term Solution for the Highway Trust Fund.*” The purpose of the hearing is to discuss the benefits to the Nation of a sustainable, long-term funding solution for the Highway Trust Fund (HTF), the challenges with the current funding mechanism, and consideration of other funding options. At the hearing, Members will receive testimony from the American Association of State Highway and Transportation Officials (AASHTO), the National Asphalt Pavement Association (NAPA), the Eno Center for Transportation (Eno), Jacobs, and Brookings Metro.

II. BACKGROUND

The HTF was established by the Highway Revenue Act of 1956 (HRA) (P.L. 84–627) to provide a dedicated Federal revenue source for the construction of the Interstate Highway System.¹ The HRA established a user-pay system where highway users would pay a three cents per gallon excise tax on motor fuels, the tax receipts would be deposited in the HTF, and HTF balances would be dedicated to the construction of Federal-aid highways.² This structure allowed the program to operate with contract authority, which allows agencies to enter into obligations in advance of appropriations, thereby providing a more dependable source of funding.³ This basic construct remains in place today; however, subsequent acts of Congress have increased the excise taxes on motor fuels, imposed taxes on other users, and expanded the number of activities eligible for funding under the HTF.⁴

¹ Highway Revenue Act of 1956, Pub. L. No. 84–627.

² *Id.*

³ *The Highway Trust Fund Explained*, THE PETER G. PETERSON FOUNDATION, (Mar. 2, 2023), available at [https://www.pgpf.org/budget-basics/budget-explainer-highway-trust-fund#:~:text=The%20Highway%20Trust%20Fund%20\(HTF,of%20the%20interstate%20highway%20system](https://www.pgpf.org/budget-basics/budget-explainer-highway-trust-fund#:~:text=The%20Highway%20Trust%20Fund%20(HTF,of%20the%20interstate%20highway%20system).

⁴ DEPT OF TRANSP., FHWA, *Funding Federal-Aid Highways*, (Jan. 2017), available at <https://www.fhwa.dot.gov/policy/olsp/fundingfederalaid/07.cfm>.

For the first 50 years, the HTF funding mechanism generally met the Congressional goal of self-sufficiency.⁵ Since 2001, spending from the HTF has exceeded revenue deposits. Starting in 2008, Congress has utilized transfers, mainly from the General Fund (GF) of the Treasury, to keep the HTF solvent.⁶ The Congressional Budget Office's (CBO's) most recent projections indicate a cumulative shortfall of nearly \$142 billion over the five years following the Fiscal Year (FY) 2026 expiration of the current surface authorization act, the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117–58).⁷ The current HTF projections are based on the FY 2024 enacted funding levels adjusted for inflation.⁸ Given the HTF's solvency challenges, Congress must evaluate and consider ways to fund surface transportation infrastructure in the future.

THE IMPORTANCE OF TRANSPORTATION INFRASTRUCTURE

Transportation infrastructure provides a strong physical platform that facilitates economic growth, ensures global competitiveness, creates American jobs, and supports national security. Our Nation's transportation infrastructure is the backbone of the United States' economy. Transportation accounted for nine percent of United States gross domestic product in 2022, up from 8.4 percent in 2021.⁹ In 2023, all modes of transportation moved an estimated 20.1 billion tons of goods worth about \$18.7 trillion on our Nation's transportation network. In addition, nearly 16 million Americans, approximately 10.3 percent of the United States workforce, are directly employed by transportation-related industries.¹⁰

The surface transportation components of this broader system play an integral part in the movement of people and goods. In 2022, highways carried more than 3.2 trillion vehicle miles, which includes cars, trucks, motorcycles, and buses.¹¹ Public transportation continues to recover from pre-pandemic ridership trends, reaching over 80 percent of 2019 levels.¹² Of the total freight moved on our Nation's transportation network, trucks moved 13 billion tons in 2023, valued at over \$13.6 trillion.¹³

Congestion is a growing challenge across the United States, affecting both freight shippers and commuters. According to the Texas A&M Transportation Institute's 2023 Urban Mobility Report, the national cost of congestion was \$224 billion in 2022.¹⁴ This amounts to approximately \$614 million per day. Nationally, congestion also wasted 3.3 billion gallons of gasoline and resulted in an extra 8.5 billion hours of travel time.¹⁵ Further, the average commuter spent an extra 54 hours stuck in traffic.¹⁶

III. HIGHWAY TRUST FUND

SOURCES OF REVENUE

The HTF has three long-standing categories of income. These are:

- *Federal fuel taxes*, which include gasoline and diesel fuel taxes, as well as special fuel, gasohol, and ethanol/methanol taxes;
- *Federal truck-related taxes*, which include taxes on truck tires, truck and trailer sales, and heavy vehicle users; and
- *Interest and penalties*, which include interest derived from HTF balances that are invested in special Treasury securities with interest from these securities

⁵ROBERT S. KIRK & WILLIAM J. MALLETT, CONG. RSCH. SERV. (R47573), FUNDING AND FINANCING HIGHWAY AND PUBLIC TRANSPORTATION UNDER THE INFRASTRUCTURE INVESTMENT AND JOBS ACT, (May 24, 2023), available at https://www.everycrsreport.com/files/2023-05-24_R47573_2fdd993640445d646286ecfe0df6cc5570d409a6.pdf [hereinafter CRS R47573].

⁶*Id.*

⁷CBO, *Highway Trust Fund Accounts*, (Jan. 2025), available at <https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf>.

⁸*Id.*

⁹DEPT OF TRANSP., BUREAU OF TRANSP. STATISTICS, TRANSP. STATISTICS ANNUAL REPORT 2024 (Dec. 2024), available at <https://rosap.ntl.bts.gov/view/dot/79039> [hereinafter BTS].

¹⁰*Id.*

¹¹*Id.*

¹²*America Builds: A Review of the Nation's Transit Policies and Programs. Hearing Before the H. Comm. on Transp. and Infrastructure*, 119th Cong.—(2025) (statement of Nathaniel P. Ford Jr., Chief Executive Officer, Jacksonville Transp. Authority, on behalf of the American Public Transp. Ass'n), available at https://transportation.house.gov/uploadedfiles/04-09-2025_ht_hearing_-_nathaniel_ford_-_testimony.pdf.

¹³*Id.*

¹⁴TEXAS A&M TRANSPORTATION INSTITUTE, *2023 Urban Mobility Report* (June 2024), available at <https://static.tti.tamu.edu/tti.tamu.edu/documents/mobility-report-2023.pdf>.

¹⁵*Id.*

¹⁶*Id.*

credited to the HTF, and penalties for violations of certain tax and vehicle safety laws.¹⁷

The HTF receives most of its revenue from the Federal excise taxes on motor fuel. In FY 2024, the HTF was credited with \$42.5 billion in net tax receipts from highway users and \$7.5 billion in interest and other non-tax deposits, totaling nearly \$50 billion in net deposits.¹⁸ Of the net tax receipts from highway users total from last year, approximately 81 percent of revenues derived from gas and diesel fuel taxes, 14 percent from truck and trailer sales, three percent from heavy vehicle use, and two percent from truck tires.¹⁹

Congress has increased the Federal motor fuel tax rates four times since the establishment of the HTF.²⁰ They were last adjusted 30 years ago as part of the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) (P.L. 103–66).²¹ Currently, the tax on diesel fuel stands at 24.4 cents per gallon and gasoline stands at 18.4 cents per gallon (*see Appendix 1*).²² Of the gasoline tax, 0.1 cents goes to the Leaking Underground Storage Trust Fund, and the remaining 18.3 cents per gallon goes to the Highway Trust Fund. The tax rates on gas and diesel fuels are not indexed to inflation.

Several of the taxes deposited into the HTF will either expire or be significantly reduced in the years following the expiration of IIJA. For the HTF to continue to be credited with revenues, Congress must either extend the existing HTF taxes at their current rates, modify the existing taxes, identify additional revenue streams, or pursue a combination of these options. Historically, Congress has extended the existing HTF taxes in surface transportation authorization bills, which typically last two years past the authorization of transportation programs. IIJA extended the taxes on truck and trailer sales and on tires through the end of FY 2028, and the taxes on heavy vehicle use through the end of FY 2029.²³ Absent Congressional action, the current gasoline and diesel tax levels would each be reduced to 4.3 center per gallon. IIJA extended the current rates for the gasoline and diesel taxes through the end of FY 2028.²⁴ IIJA also extended the requirement for the Treasury Department to deposit these tax revenues in the HTF through the end of FY 2028.²⁵

ACCOUNT STRUCTURE

For 26 years, the trust fund had a single account and a single purpose—to fund the Federal highway programs. This construct changed with a political agreement referred to as the “Great Compromise” or the “80–20 highway-transit split.”²⁶ Implemented in the Surface Transportation Assistance Act (STAA) of 1982 (P.L. 94–424), the result was a five-cent per gallon increase in the gasoline tax (for a total gas tax of nine cents) and the creation of a new mass transit account (MTA).²⁷ The compromise traded an increase in the gas tax for an agreement to deposit one cent (20 percent of the new tax increase) into the newly created MTA within the HTF. The remaining four cents (80 percent of the new tax increase) would be dedicated

¹⁷ *Supra* note 4.

¹⁸ Jeff Davis, *Highway Trust Fund Ran \$26.7 Billion User-Pay Deficit in FY 2024*, ENO CENTER FOR TRANSP., (Nov. 1, 2024), available at <https://enotrans.org/article/highway-trust-fund-ran-26-7-billion-user-pay-deficit-in-fy-2024/>.

¹⁹ *Id.* (numbers tabulated by Transp. and Infrastructure (T&I) Comm. Staff).

²⁰ CRS R47573, *supra* note 5.

²¹ *Id.*

²² *Supra* note 4.

²³ ALI E. LOHMAN, CONG. RSCH. SERV. (R48472), THE HIGHWAY TRUST FUND’S HIGHWAY ACCOUNT, (Mar. 27, 2025), available at https://crs.gov/Reports/R48472?source=search#_Toc194040932 [hereinafter CRS R48472].

²⁴ *Id.*

²⁵ *Id.*

²⁶ ROBERT S. KIRK & WILLIAM J. MALLETT, CONG. RSCH. SERV. (R45350), FUNDING AND FINANCING HIGHWAYS AND PUBLIC TRANSPORTATION, (May 11, 2020), available at <https://crs.gov/reports/pdf/R45350/R45350.pdf>; and Jeff Davis, *Explainer: What the “80–20 Highway-Transit Split” Really Is, and What it Isn’t*, ENO CENTER FOR TRANSP., (July 26, 2021), available at <https://enotrans.org/article/explainer-what-the-80-20-highway-transit-split-really-is-and-what-it-isnt/>.

²⁷ Jeff Davis, *Highway Trust Fund 101*, ENO CENTER FOR TRANSP., (updated Aug. 15, 2023), available at <https://enotrans.org/article/highway-trust-fund-101>; DEP’T OF TRANSP., FHWA, *Public Roads—Federal Aid Highway Act of 1956: Creating the Interstate System* (1996), available at <https://highways.dot.gov/public-roads/summer-1996/federal-aid-highway-act-1956-creating-interstate-system-sidebars-0#:~:text=The%20trust%20fund%20has%20two,cent%20of%20the%20new%20revenue>.

to the highway account (HA).²⁸ The Great Compromise agreement only pertained to the gas tax increase in STAA, not total gas taxes collected. Further, it did not dictate authorization amounts or spending from either the HA or the MTA.²⁹

The HA continued to be largely devoted to construction and maintenance of highways and bridges. The MTA was created to fund public transportation such as buses, railways, subways, and ferries, and also allows for the use of limited funds for operating expenses in rural and small urbanized areas.³⁰ This new structure represented a move away from the user-pays principle originally envisioned for the HTF.³¹ Road users began to pay for transit programs, which constituted a diversion of funds from highway program purposes.³² According to a 2013 study by the University of California, Berkeley and the National Bureau of Economic Research, “the congestion relief benefits alone may justify transit infrastructure investments.”³³ However, the same study acknowledged that “previous economic research does not support the hypothesis that transit generates a large reduction in traffic congestion.”³⁴

TAX DEPOSITS INTO HTF ACCOUNTS

Fuel taxes enacted prior to 1982 and truck-related taxes continue to be deposited into the HA of the HTF, but all fuel tax increases enacted in 1982 or later are deposited into the HA and MTA consistent with the 80–20 highway-transit split (see *Appendix 2*).³⁵ The percentage of gasoline and diesel fuel taxes deposited into the MTA totals 15.6 percent.³⁶ However, when the Federal truck-related taxes are included, about 13 percent of total HTF tax receipts are deposited into the MTA.³⁷

SOLVENCY

Beginning in FY 2001, and in each subsequent fiscal year to date, HTF outlays have exceeded revenue deposits.³⁸ For example, in FY 2024, the HTF collected \$49.9 billion in revenues and interest and spent \$70.6 billion.³⁹ Some reasons for the imbalance include:

- The Federal fuel tax rates have not increased at the Federal level since 1993 and are not indexed to inflation. The gas and diesel taxes have each lost approximately 73 percent of their respective purchasing power between FY 1993 and FY 2023.⁴⁰ If Congress had indexed the current rate of 18.3 cents per gallon for inflation in 1993, the Federal gas tax would be approximately 40.6 cents per gallon in 2025.⁴¹
- Gas tax revenue has and will continue to decline as people purchase more fuel-efficient vehicles, including electric vehicles.⁴²
- The pandemic and resulting lockdowns caused a temporary but sharp decline in economic activity, driving, and commuting.⁴³
- Labor and construction materials costs have increased, specifically increasing more sharply with COVID-related supply shortages, safety-related requirements, and a tight labor market. Highway construction costs increased 13.9 percent in 2023, less than in 2022 when costs increased 26.5 percent, the largest

²⁸ Jeff Davis, *Highway Trust Fund 101*, ENO CENTER FOR TRANSP., (updated Aug. 15, 2023), available at <https://enotrans.org/article/highway-trust-fund-101/> [hereinafter HTF 101].

²⁹ *Id.*

³⁰ CRS R47573, *supra* note 5.

³¹ Joshua Schank, et. al., *Reagan Devolution: The Real Story of the 1982 Gas Tax Increase*, ENO CENTER FOR TRANSP., (Sept. 9, 2015), available at <https://enotrans.org/eno-resources/reagan-devolution-the-real-story-of-the-1982-gas-tax-increase-2/>.

³² Richard Weingroff, *Busting the Trust*, FHWA PUBLIC ROADS (July/Aug. 2013), available at <https://highways.dot.gov/public-roads/julyaugust-2013/busting-trust>.

³³ Michael L. Anderson, *Subways, Strikes, and Slowdowns: The Impacts of Public Transit on Traffic Congestion*, UNIVERSITY OF CALIF., BERKLEY & NBER, (Aug. 30, 2013), available at https://are.berkeley.edu/~mlanderson/pdf/Anderson__transit.pdf.

³⁴ *Id.*

³⁵ HTF 101, *supra* note 28.

³⁶ *Id.*

³⁷ *Id.*

³⁸ CRS R47573, *supra* note 5.

³⁹ *Supra* note 7.

⁴⁰ CRS R48472, *supra* note 23.

⁴¹ Email from CBO to Majority Staff, H. Comm. on Transp. and Infrastructure (Apr. 10, 2025, 11:33 a.m.) (on file with Comm.).

⁴² HTF 101, *supra* note 28.

⁴³ John Gallagher, *COVID–19 Draining the Highway Trust Fund*, FREIGHT WAVES (Apr. 15, 2020), available at <https://www.freightwaves.com/news/covid-19-draining-the-highway-trust-fund>.

historical increase.⁴⁴ The Bureau of Transportation statistics estimates that higher construction costs reduce what can be bought for transportation under IIJA by 30 to 40 percent.⁴⁵

- Congress has continued to pass surface transportation legislation that increases both highway and mass transit authorizations far beyond what the HTF can support with current revenue sources.⁴⁶

CBO projects that annual HTF tax collections will decrease from \$44.1 billion in FY 2025 to \$37.9 billion in FY 2035, a more than 14 percent decrease.⁴⁷ Within these respective amounts, gas tax collections drop from \$25.1 billion to \$15.3 billion, or a 39 percent decrease, over the same period.⁴⁸ Truck and trailer tax receipts are projected to increase by 48 percent from \$6.2 billion in FY 2025 to \$9.2 billion in FY 2035.⁴⁹ Collections on diesel fuel and kerosene, truck tire, and heavy vehicle use remain relatively flat over the next decade.⁵⁰

Because of the nature of “reimbursable” programs like those funded by the HTF, there may be cash in the fund that is not needed for immediate use. It is important to understand that this is not a “surplus,” or excess cash. Rather, those amounts will be needed over time to pay states as they submit vouchers related to prior obligations.⁵¹ Absent Congressional action, and if the HTF were to experience a shortfall, the United States Department of Transportation (DOT) may implement cash management procedures to slow reimbursements to state and local governments and reduce apportionment funds to states.⁵²

Both the HA and the MTA have separate self-sufficiency calculations to test for solvency, the Byrd and Rostenkowski tests, respectively.⁵³ Each test compares financial commitments to projected financial resources in the account for the next four fiscal years and requires automatic reductions in program apportionments associated with the account that cannot cover its commitments.⁵⁴ The contract authority authorizations for transit have exceeded MTA revenue projections for the next four years, and therefore, the Rostenkowski Test was triggered beginning in FY 2020.⁵⁵ Congress has continued to enact laws that cancel or suspend the transit apportionment reductions required by the Rostenkowski Test since FY 2020.⁵⁶

To ensure that the HTF could continue to pay its obligations, Congress has transferred a total of \$275 billion from the GF and other sources into the HTF beginning in 2008.⁵⁷ Most recently, IIJA transferred a total of \$118 billion to maintain solvency through FY 2026.⁵⁸

IV. PROGRAMS FUNDED BY THE HIGHWAY TRUST FUND

The HTF provides funding for a number of highway, transit, and highway safety programs (surface transportation programs) administered by the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the Federal Motor Carrier Safety Administration (FMCSA), the National Highway Traffic Safety Administration (NHTSA), and the Office of the Secretary of Transportation (OST). These agencies administer surface transportation programs in partnership with states, public transit agencies, and other local authorities. While Federal agencies provide financial and technical assistance, state and local partners select projects and carry out the programs on a day-to-day basis.⁵⁹

Congress most recently reauthorized surface transportation programs with the enactment of IIJA. The law reauthorizes Federal surface transportation programs through FY 2026. In total, it authorizes approximately \$530 billion over five years for Federal-aid highways, Federal transit, and highway safety programs to improve our Nation’s infrastructure. Approximately \$382.9 billion is authorized from the

⁴⁴ BTS, *supra* note 9.

⁴⁵ *Id.*

⁴⁶ *Supra* note 7.

⁴⁷ CBO, *Budget and Economic Outlook: 2025 to 2035* (Jan. 2025), available at <https://www.cbo.gov/system/files/2025-01/51138-2025-01-Revenue-Projections.xlsx>

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Supra* note 4.

⁵² CRS R48472, *supra* note 23.

⁵³ HTF 101, *supra* note 28.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ IIJA, Pub. L. No. 117–58, 135 Stat. 429.

⁵⁹ *Supra* note 4.

HTF.⁶⁰ Of this total, approximately \$303.5 billion is administered by FHWA, \$69.9 billion by FTA, \$4.5 billion by FMCSA, and \$5.1 billion by NHTSA.⁶¹ Of the remaining funds, IIJA authorized \$89.1 billion in multiyear advance appropriations from the General Fund, which is a change to the funding structure of highway and transit programs; and the remaining amount is budget authority subject to future appropriations acts.⁶²

IIJA's five-year average funding for HTF programs administered by these modal agencies increased significantly compared to the same average under the previous authorization, the Fixing America's Surface Transportation Act (FAST Act) (P.L. 114–94). Specifically, HTF-derived funding for FHWA programs increased by 35 percent, FTA programs by 43 percent, FMCSA programs by 38 percent, and NHTSA programs by 36 percent.⁶³

V. FUNDING OPTIONS FOR THE HTF

Presuming that Congress continues to support the HTF as a funding mechanism for the Federal-aid highways, Federal transit, and highway safety programs, long-term changes to the funding structure of the fund are required. In order to rely solely on the HTF as a funding source, Congress must either increase revenue dedicated to the fund or reduce spending, or some combination of the two.⁶⁴ However, Congress has not agreed on a long-term strategy. Considerations in the development of a long-term strategy include the Federal Government's responsibility for transportation funding, the proper distribution of expenditures on highways as opposed to mass transit, and other specific policy proposals.⁶⁵

Several options that would increase revenues into the HTF that have been discussed include:

- Raising motor fuel taxes and/or indexing the motor fuel tax to inflation.⁶⁶ This option would require a significant increase and may not be viable in the long-term as motor vehicles become more fuel efficient.⁶⁷ For example, CBO recently estimated that increasing the Federal taxes on gasoline and diesel fuel by 15 cents per gallon in January 2025 would reduce the deficit by \$211.6 billion over the next ten years.⁶⁸ This estimate assumes the tax would be indexed for inflation each year using the chained consumer price index for all urban consumers, and incorporates an offsetting reduction in income and payroll tax revenue.⁶⁹
- Imposing a Federal tax or fee on electric vehicles (EVs) and depositing the revenues into the HTF. Although this would address a fairness argument by requiring EV motorists that do not pay for their use of roads to pay into the HTF, such a tax would not, by itself, result in a sustainable HTF.
- Imposing an annual tax or fee on vehicles at the time of a vehicle's annual registration.⁷⁰ Congress may choose to either replace or supplement the existing Federal motor fuel taxes with a Federal annual registration fee.
- Replacing or supplementing motor fuel taxes with a vehicle miles traveled (VMT) charge.⁷¹ VMT pilot programs were first funded under the FAST Act. IIJA continued to provide funds for these pilot programs and required DOT to establish a Federal System Funding Alternative Advisory Board as well as a na-

⁶⁰ IIJA, Pub. L. No. 117–58, 135 Stat. 429 (numbers tabulated by Transp. and Infrastructure (T&I) Comm. Staff).

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*; FAST Act of 2015, Pub. L. No. 114–94, 129 Stat. 1312 (comparative numbers tabulated by T&I Comm. Staff).

⁶⁴ CRS R47573, *supra* note 5.

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ Brianna Fernandez, *Raising the Gas Tax is Not a Long-Term Fix to the Highway Trust Fund*, AMERICAN ACTION FORUM (Apr. 24, 2018), available at <https://www.americanactionforum.org/insight/raising-gas-tax-not-long-term-fix-highway-trust-fund/#:~:text=April%202024%2C%202018,raising%20the%20gas%20tax%20is%20not%20a%20long%20term,for%20the%20highway%20trust%20fund&text=As%20of%202021%2C%20the%20highway,transit%20projects%20E2%80%93%20will%20be%20insolvent.>; *Addressing the Long-Term Solvency of the Highway Trust Fund: Hearing Before the S. Comm. on Environment and Public Works*, 117th Cong., (Apr. 14, 2021), available at <https://www.cbo.gov/publication/57138#:-:text=Lawmakers%20have%20several%20options%20for,movement%2C%20or%20on%20electric%20vehicles>.

⁶⁸ CBO, *Budget Options: Increase Excise Taxes on Motor Fuels and Index Them for Inflation*, (Dec. 12, 2024), available at <https://www.cbo.gov/budget-options/60963>.

⁶⁹ *Id.*

⁷⁰ CRS R48472, *supra* note 23.

⁷¹ CRS R47573, *supra* note 5.

tional VMT pilot program.⁷² The Biden Administration notified Congress of the selection of members to the Federal System Funding Alternative Advisory Board on January 15, 2025.⁷³ In 2022, FHWA estimated that total VMT by all vehicle types is projected to increase by 22 percent from 2019 to 2049.⁷⁴

- Transfer general revenues from the GF into the HTF. Transferring funding into the HTF has been the de facto funding policy to sustain the HTF for the 18 years prior to FY2026.⁷⁵

VI. WITNESSES

- Mr. Carlos M. Bracerias, P.E., Executive Director, Utah Department of Transportation, *on behalf of the* American Association of State Highway and Transportation Officials (AASHTO)
- Mr. Ty Johnson, President, Fred Smith Company, *on behalf of the* National Asphalt Pavement Association (NAPA)
- Mr. Jeff Davis, Senior Fellow, Eno Center for Transportation
- Mr. Brian Burkhard, P.E., Vice President and Global Principal for Advanced Mobility Systems, Jacobs
- Mr. Adie Tomer, Senior Fellow, Brookings Metro

APPENDIX 1: CURRENT HIGHWAY TRUST FUND USER FEES ⁷⁶

Tax Type	Tax Rate
Federal Motor Fuel Taxes	
Gasoline and gasohol	18.4 cents per gallon [†]
Diesel	24.4 cents per gallon [†]
Special Fuels:	
General rate	18.4 cents per gallon
Liquefied petroleum gas	18.3 cents per gasoline-equivalent gallon
Liquefied natural gas	24.3 cents per gallon diesel-equivalent gallon
M85 from natural gas	9.25 cents per gallon
Compressed natural gas	18.3 cents per gasoline-equivalent gallon
Other Federal Taxes on Truck Users	
Tires (maximum rated load capacity):	
0–3,500 pounds	No Tax
Over 3,500 pounds	9.45 cents per each 10 pounds in excess of 3,500
Truck and Trailer Sales	12 percent of retailer's sales price for tractors and trucks over 33,000 pounds gross vehicle weight (GVW) and trailers over 26,000 pounds GVW
Heavy Vehicle Use	Annual tax: Trucks 55,000 pounds and over GVW, \$100 plus \$22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds (maximum tax of \$550)

[†] \$0.1 cent is deposited in the Leaking Underground Storage Tank Trust Fund

⁷² FAST Act of 2015, Pub. L. No. 114–94; IIJA, Pub. L. No. 117–58, 135 Stat. 429.

⁷³ Email from FHWA to Staff, H. Comm. on Transp. and Infrastructure (Jan. 15, 2025, 12:38 p.m.) (on file with Comm.).

⁷⁴ DEPT OF TRANSP., FHWA, 2022 *FHWA Forecasts of Vehicle Miles Travelled (VMT)*, (July 2022), available at https://www.fhwa.dot.gov/policyinformation/tables/vmt/2022_vmt_forecast_sum.pdf.

⁷⁵ CRS R47573, *supra* note 5.

⁷⁶ *Supra* note 4.

APPENDIX 2: FEDERAL HIGHWAY USER FEES ⁷⁷February 2020
Table FE-21B

User Tax	Tax Rate	Effective Date	Distribution of Tax			
			Highway Trust Fund			General Fund
			Highway Account	Mass Transit Account	Leaking Underground Storage Tank Trust Fund	
Fuel Taxes (Cents per Gallon)						
Gasoline and Gasohol fuels	18.4	10/1/1997	15.44	2.86	0.1	—
Diesel and Kerosene fuels	24.4	10/1/1997	21.44	2.86	0.1	—
Alternative fuels ²						
Liquefied Petroleum Gas	18.3 ³	1/1/2016	16.17	2.13	—	—
Liquefied Natural Gas	24.3 ⁴	10/1/2006	22.44	1.86	—	—
Compressed natural gas	18.3 ³	10/1/2006	17.07	1.23	—	—
Other Special Fuels	18.4	10/1/1997	15.44	2.86	0.1	—
Other Taxes—All Proceeds to Highway Account						
Tires	Tax is imposed on tires sold by manufacturers, producers, or importers at the rate of \$.0945 (\$.04725 in the case of a bias ply or super single tire) for each 10 pounds of the maximum rated load capacity over 3,500 pounds.					
Truck and trailer sales	12 percent of retailer's sales price for tractors and trucks over 33,000 pounds gross vehicle weight (GVW) and trailers over 26,000 pounds GVW. The tax applies to parts and accessories sold in connection with the vehicle sale.					
Heavy vehicle use	Annual tax: Trucks 55,000–75,000 pounds GVW, \$100 plus \$22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds Trucks over 75,000 pounds GVW, \$550					

Source: Office of Highway Policy Information, Federal Highway Administration.

² Alternative fuels is any liquid other than gas oil, fuel oil or any product taxable under Section 4081 of the Internal Revenue Code (gasoline, diesel, kerosene, and diesel-water emulsion).³ Changes to tax rate included in the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. Amounts for these products are defined as having a rate "per energy equivalent of a gallon of gasoline." Computation details can be found in 26 USC 4041.⁴ Changes to tax rate included in the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. Amounts for these products are defined as having a rate "per energy equivalent of a gallon of diesel." Computation details can be found in 26 USC 4041.⁷⁷ DEPT OF TRANSP., FHWA, *Highway Statistics Series*, (2020), available at <https://www.fhwa.dot.gov/policyinformation/statistics/2020/fe21b.cfm>.

AMERICA BUILDS: THE NEED FOR A LONG-TERM SOLUTION FOR THE HIGHWAY TRUST FUND

TUESDAY, APRIL 29, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:12 a.m., in Room 2167, Rayburn House Office Building, Hon. David Rouzer (Chairman of the subcommittee) presiding.

Mr. ROUZER. The Subcommittee on Highways and Transit will come to order.

I ask unanimous consent that the chairman be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

I also ask unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, if Members wish to insert a document into the record, please also email it to DocumentsTI@mail.house.gov.

I now recognize myself for the purposes of an opening statement for 5 minutes.

OPENING STATEMENT OF HON. DAVID ROUZER OF NORTH CAROLINA, CHAIRMAN, SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

Mr. ROUZER. Today's hearing focuses on the importance of long-term certainty and stability for the Highway Trust Fund. This timely discussion is part of a series of subcommittee hearings as we work to develop and enact an on-time, multiyear surface bill.

Congress created the Highway Trust Fund in 1956 to provide a dedicated Federal revenue source, based on a user-pays model, for the construction of the Interstate Highway System. Congress began with a 3-cents-per-gallon excise tax on gasoline allocated to the trust fund. Currently, the Highway Trust Fund is funded by excise taxes on gas and diesel fuels, as well as taxes on truck tires, truck and trailer sales, and heavy vehicle users, with the most recent adjustment to the tax on gas and diesel fuels in 1993.

Since 2001, spending from the Highway Trust Fund has exceeded its revenues. During the most recent fiscal year, the Highway Trust Fund collected nearly \$50 billion in revenues and interest

but spent \$70.6 billion, a deficit of more than \$20 billion, which is a pretty significant gap. To ensure the trust fund's continued solvency, Congress has transferred a total of \$275 billion from the Treasury's General Fund to the Highway Trust Fund since 2008.

Without a serious solution, our State, local, and private-sector partners risk losing a reliable funding source critical to project delivery and our national economy. While General Fund bailouts have offered short-term relief at the expense of the individual American taxpayer, they do not address the long-term challenges that plague the Highway Trust Fund.

The last several surface transportation authorization bills have continued to authorize highway and mass transit authorizations beyond what the Highway Trust Fund can reasonably support. The current surface transportation law, the Infrastructure Investment and Jobs Act, increased Highway Trust Fund spending by more than 36 percent, but made no reforms to revenue streams, resulting in a \$118 billion General Fund transfer to cover that gap.

Now, there are a number of different thoughts about how to address the fundamental structural challenges of the current funding mechanism to fund the Highway Trust Fund, and all have their pros and cons. Meanwhile, gasoline and diesel taxes, which have remained unchanged since 1993, have lost 73 percent of their purchasing power. If Congress had chosen to index the gas and diesel taxes to inflation back in 1993, an additional \$480 billion in Federal revenues would have been raised, most of which would have been deposited into the Highway Trust Fund.

Obviously, gas tax revenue will continue to decline as cars become more fuel efficient. Electric vehicles require no fuel, and therefore, obviously, are not paying into the Highway Trust Fund. CBO estimates gas tax revenues, the majority of the trust fund receipts, will decline by nearly 40 percent—40 percent—over the next decade.

Fortunately, this committee is intent on addressing the shortfall in a fair and equitable manner. Through reconciliation, this committee will propose a \$200 annual registration fee on electric vehicles at the Federal level, which will raise tens of billions of dollars in additional revenue for the Highway Trust Fund over the next decade to better ensure that all users of our roads are paying to maintain those roads.

While a step in the right direction, and the first real attempt by Congress to address the trust fund solvency problems in more than 30 years, this fee alone, of course, will certainly not solve the estimated \$142 billion shortfall.

Given that backdrop, we look forward to hearing from our witnesses on potential solutions and new, innovative methods we might employ to fund our surface transportation programs. And so, therefore, I thank each of you for being here today.

[Mr. Rouzer's prepared statement follows:]

**Prepared Statement of Hon. David Rouzer, a Representative in Congress
from the State of North Carolina, and Chairman, Subcommittee on High-
ways and Transit**

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Since 2001, spending from the Highway Trust Fund has exceeded its revenues. During the most recent fiscal year, the Highway Trust Fund collected nearly \$50 billion in revenues and interest but spent \$70.6 billion, a deficit of more than \$20 billion, a significant gap. To ensure the Trust Fund's continued solvency, Congress has transferred a total of \$275 billion from Treasury's General Fund to the Highway Trust Fund since 2008.

Without a serious solution, our state, local, and private sector partners risk losing a reliable funding source critical to project delivery and our national economy. While General Fund bailouts have offered short-term relief at the expense of the individual American taxpayer, they do not address the long-term challenges that plague the Highway Trust Fund.

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Given that backdrop, I look forward to hearing from our witnesses on potential solutions and new innovative methods we might employ to fund our surface transportation programs. Thank you all for testifying here today.

Mr. ROUZER. I now recognize our ranking member for 5 minutes for an opening statement.

Ms. Norton.

**OPENING STATEMENT OF HON. ELEANOR HOLMES NORTON
OF THE DISTRICT OF COLUMBIA, RANKING MEMBER, SUB-
COMMITTEE ON HIGHWAYS AND TRANSIT**

Ms. NORTON. Thank you.

I want to thank subcommittee Chairman Rouzer for holding this hearing.

The Highway Trust Fund guarantees predictable funding to State and local partners, empowering communities to build the infrastructure they need. However, since 2008, trust fund spending has outpaced revenue, a trend that is projected to exhaust the trust fund by 2028. Therefore, Congress must find a sustainable solution to ensure the solvency of the trust fund.

To date, Congress has transferred \$275 billion from the General Fund to the Highway Trust Fund, including \$118 billion in the Infrastructure Investment and Jobs Act. This infusion of funds enabled critical investments in roadway, bridge and freight infrastructure, roadway safety upgrades, and transit network expansions. Without the General Fund transfers, these and many other priorities would have been sidelined.

Supplementing the Highway Trust Fund revenue with General Fund transfers has been necessary because Congress has not raised the gas tax in over 30 years, which has eroded its purchasing power.

The Infrastructure Investment and Jobs Act supported several pilot projects to study other funding options, such as a road user charge that would levy a fee on miles driven rather than gallons of fuel consumed. Congress should consider the full menu of options to ensure the solvency of the Highway Trust Fund, including a national road user charge.

Whatever Congress decides, the solution must meet several criteria.

First, we need to provide a sustainable revenue source for the Highway Trust Fund that allows this committee to continue to enact multiyear surface transportation bills.

Second, we must retain and strengthen the Mass Transit Account of the Highway Trust Fund. Transit, which is an essential part of our transportation system, improves mobility, reduces pollution, reduces congestion for drivers, and supports millions of private-sector jobs.

Eliminating the Mass Transit Account, a proposal Congress hears periodically, would not make up for the Highway Trust Fund's shortfall. According to Jeff Davis, one of our witnesses, the Highway Trust Fund will face an annual \$40 billion gap between revenue and spending by 2027. Transit spending will account for only \$17 billion, or less than half of the shortfall. Congress must reject any attempts to eliminate the Mass Transit Account, which would hurt people, our economy, and our environment without solving the problem.

Third, we need to direct more Highway Trust Fund resources to places that need them the most: local roads are what I mean. According to research by the Brookings Institution, local roads are entitled to a much larger share of Federal resources than they receive, and they tend to be in much worse condition than State roads.

There are several paths that Congress may choose to take that would guarantee reliable funding, maintain the Mass Transit Account, and direct more resources to local partners.

I look forward to today's discussion.

Thank you.

[Ms. Norton's prepared statement follows:]

Prepared Statement of Hon. Eleanor Holmes Norton, a Delegate in Congress from the District of Columbia, and Ranking Member, Subcommittee on Highways and Transit

I would like to thank Subcommittee Chair Rouzer for holding this hearing. The Highway Trust Fund guarantees predictable funding to state and local partners, empowering communities to build the infrastructure they need. However, since 2008, Trust Fund spending has outpaced revenue, a trend that is projected to exhaust the Trust Fund by 2028. Therefore, Congress must find a sustainable solution to ensure the solvency of the Trust Fund.

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Third, we need to direct more Highway Trust Fund resources to the places that need them most: local roads. According to research by the Brookings Institution, local roads are entitled to a much larger share of federal resources than they receive, and they tend to be in much worse condition than state roads.

There are several paths that Congress may choose to take that would guarantee reliable funding, maintain the Mass Transit Account and direct more resources to local partners. I look forward to today's discussion. Thank you.

Mr. ROUZER. I now recognize the chairman of the full committee, Mr. Graves, for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. SAM GRAVES OF MISSOURI, CHAIRMAN, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Mr. GRAVES. Thank you, Chairman Rouzer, and I want to thank all of our witnesses for being here today as we discuss the importance of long-term certainty and stability in the Highway Trust Fund.

The trust fund is facing an insolvency crisis dating back to at least 2008. Its current user fees are no longer sufficient to sustain necessary investment in our surface transportation needs.

The Infrastructure Investment and Jobs Act, or IIJA, failed to address the issue, and it only made matters worse by increasing spending from the Highway Trust Fund by \$102 billion and relying

on a bailout of the trust fund with \$118 billion from a General Fund transfer.

Let me be clear: Republicans support investing in infrastructure, but our highway funding system is founded upon the principle that roadway users must pay for their use of the system. Failing to restructure our surface transportation funding sources is going to have severe consequences for our Nation's transportation system and the American people.

That is why tomorrow, as part of the reconciliation package that we are going to be working on, the committee will take the first steps towards Highway Trust Fund solvency and stability. We will vote on a proposal to leverage existing State vehicle registration systems and assess a new fee of \$200, as was pointed out, on electric vehicles; \$100 on hybrid vehicles; and a \$20 fee on most other passenger vehicles. If successful, these new user fees would represent the first new funding stream into the Highway Trust Fund in more than 30 years.

Nearly 40 States already have a special registration fee for EVs. It is time for the Federal Government to assess a fee on EVs that, for years, have not paid any gasoline or diesel taxes, which is, obviously, the primary source of the Highway Trust Fund revenues at this point.

Most importantly, this proposal continues the user fee principle and ensures EVs no longer get a free ride on our highways. While EVs and hybrids will start paying these fees into the system in the near term, the \$20 fee would not go into effect until 2031. This delay gives the committee the opportunity to consider restructuring the broken trust fund tax structure with a fairer system to ensure solvency for many years to come.

And let me close by once again underscoring the significance of this proposal. The trust fund is broken. Our reconciliation bill will take the first steps towards fixing it, unlocking the path towards permanently addressing the trust fund issue. This gives our committee a significant head start in our reauthorization process and sets us up for success.

We have to act now to save the trust fund before it is too late.

And with that, Chairman Rouzer, I appreciate the opportunity, and I yield back.

[Mr. Graves' prepared statement follows:]

Prepared Statement of Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Chairman, Committee on Transportation and Infrastructure

Thank you, Chairman Rouzer, and thank you to our witnesses for being here today, as we discuss the importance of long-term certainty and stability for the Highway Trust Fund. The Trust Fund has faced an insolvency crisis dating back to at least 2008, as current user fees are no longer sufficient to sustain necessary investment in our surface infrastructure needs.

The Infrastructure Investment and Jobs Act (IIJA) failed to address this issue and only made matters worse by increasing spending from the Highway Trust Fund by \$102 billion and relying on a bailout of the Trust Fund with a \$118 billion General Fund transfer.

Let me be clear. Republicans support investing in infrastructure, but our highway funding system is founded upon the principle that roadway users must pay for their use of the system. Failing to restructure our surface transportation funding sources

will have severe consequences for our nation's transportation system and the American people.

That is why tomorrow, as part of reconciliation, the Committee will take the first step towards HTF solvency and stability. We will vote on a proposal to leverage existing state vehicle registration systems and assess a new fee of \$200 on electric vehicles (EVs), \$100 on hybrid vehicles, and a \$20 fee on most other passenger vehicles. If successful, these new user fees would represent the first new funding streams into the Highway Trust Fund in more than 30 years.

Nearly 40 states already have a special registration fee for EVs. It is time for the federal government to assess a fee on EVs that, for years, have not paid gasoline or diesel taxes, the primary source of Highway Trust Fund revenues.

Most importantly, this proposal continues the user-pays principle and ensures EVs no longer get a free ride on our highways. While EVs and hybrids will start paying these fees into the system in the near term, the \$20 fee would not go into effect until 2031. This delay gives this committee the opportunity to consider restructuring the broken trust fund tax structure with a fairer system to ensure solvency for years to come.

Let me close by once again underscoring the significance of this proposal. The Trust Fund is broken. Our reconciliation bill will take the first step towards fixing it, unlocking the path towards permanently fixing the Trust Fund. This gives our committee a significant head start in our reauthorization process and sets us up for success.

We must act now to save the Trust Fund before it's too late.

Mr. ROUZER. Ranking Member Larsen has yielded back. So we will now go to introduction of the witnesses.

Mr. Kennedy, I understand that you have a witness that you would like to introduce.

Dr. KENNEDY OF UTAH. That is correct, Mr. Chairman.

Mr. ROUZER. You are recognized.

Dr. KENNEDY OF UTAH. Thank you very much, Chairmen Rouzer and Graves, and to the ranking member, Madam Norton.

I am great grateful to introduce Mr. Carlos Braceras, somebody who I have known for 10 years. As a State legislator, he is an outstanding resource, and on the Federal level, we are going to have a great experience being able to have him here.

He brings a wealth of leadership and expertise to today's discussion. He has dedicated 38 years of his service—even though he looks like he is 20 years old—he has been actually working for the Utah Department of Transportation for 38 years where he has served as executive director since 2013.

He has been a national leader in transportation innovation and currently chairs the AASHTO Agency Administration Managing Committee, and has also been recently appointed to be the Chair of the Federal System Funding Alternative Advisory Board.

I had the privilege of working with Mr. Braceras in the State legislature in order to pass legislation that launched Utah's statewide road usage charge program. Thanks to his leadership, Utah now has one of the first and largest RUC programs in the country for alternative fuel vehicles.

Mr. Braceras has consistently demonstrated innovative leadership, helping Utah become a national model for transportation planning and project delivery.

I look forward to engaging with him and our other distinguished witnesses during today's hearing.

Thank you, Mr. Chair.

With that, I yield back.

Mr. ROUZER. We also have with us Ty Johnson, who is testifying on behalf of the National Asphalt Pavement Association and also a great North Carolinian.

Great to have you here.

Jeff Davis, representing the Eno Center for Transportation; Brian Burkhard, representing Jacobs; and Adie Tomer, representing Brookings Metro.

I particularly thank each of you for being here and look forward to your great insights.

Briefly, I would like to take a moment and explain our lighting system. It is pretty self-explanatory. There are three lights in front of you. Green means go. Yellow means red is soon to come. And red means close it up just as quickly as you can if you haven't already.

I ask unanimous consent that the witnesses' full statements be included in the record.

Without objection, so ordered.

I also ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

Without objection, so ordered.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

So as your written testimony has been made part of the record, the subcommittee asks that you limit your oral remarks to 5 minutes.

With that, Mr. Braceras, you are recognized for 5 minutes.

TESTIMONY OF CARLOS M. BRACERAS, P.E., EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (AASHTO); TY JOHNSON, PRESIDENT, FRED SMITH COMPANY, ON BEHALF OF THE NATIONAL ASPHALT PAVEMENT ASSOCIATION (NAPA); JEFF DAVIS, SENIOR FELLOW, ENO CENTER FOR TRANSPORTATION; BRIAN BURKHARD, P.E., VICE PRESIDENT AND GLOBAL PRINCIPAL FOR ADVANCED MOBILITY SYSTEMS, JACOBS; AND ADIE TOMER, SENIOR FELLOW, BROOKINGS INSTITUTION

TESTIMONY OF CARLOS M. BRACERAS, P.E., EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (AASHTO)

Mr. BRACERAS. Chair Rouzer, Ranking Member Norton, members of the subcommittee, good morning and thank you for the opportunity to testify.

My name is Carlos Braceras. I am the executive director of the Utah Department of Transportation, and I am a past president of the American Association of State Highway and Transportation Officials.

I am honored to share the perspective of State departments of transportation nationwide, along with some insights from Utah.

Transportation is the backbone of America's quality of life and its economy. Every schoolbus route, every emergency response, and every product on our store shelves begins with a safe, reliable trip on our roads and bridges.

When transportation works, people barely notice it. When it fails, communities and commerce grind to a halt.

We must recognize that the system is truly a nationwide network. When transportation is successful in Utah, we contribute to the success of North Carolina. Likewise, transportation challenges in Utah negatively impact States on the other side of the country.

The Highway Trust Fund is vital to building and maintaining a strong, effective transportation network. Let me give you one specific example.

Using the Bridge Formula funds from the IIJA, Utah identified 90 bridges that were in need of work. Seventy-six of them were owned by rural communities off the State system. By the end of the current program, every one of those bridges that had been in poor condition will have been repaired or replaced. This results in better safety and mobility for users of the system and lifts the burden from local governments whose budgets are overstressed.

This Bridge Formula Program is an example of how formula funding allows States to plan strategically and to effectively deliver the priorities that are most important to our State and local communities.

The important benefits of an effective transportation system now face a critical risk. The Highway Trust Fund is deteriorating. Since 2008, the Highway Trust Fund has spent more than it collects, because the primary revenue source, a per-gallon fuel tax that is not indexed for inflation, shrinks as vehicles become more efficient, consuming less fuel or no fuel at all, and inflation continues to erode the purchasing power.

Absent congressional action, we will face a shortfall of roughly \$20 billion next year. States will be forced to delay projects, contractors will pull back, and costs will rise, undermining the very efficiency that taxpayers expect.

To avoid that outcome, we need a long-term reauthorization that does two things.

First, it must extend the current IIJA investment levels and at least keep pace with inflation so State DOTs can plan and deliver projects with confidence.

Second, it must modernize how we pay for the system, because a 21st-century network cannot run on a 20th-century revenue model.

The principles that have served this country for nearly 100 years is a user-pay approach. Simply put, those who use the transportation system help pay for it.

In Utah, we put that philosophy into practice with the Nation's first statewide operational road usage charge program. We have learned valuable lessons for how to address concerns about fairness, privacy, freedom of choice, and cost to administer.

Our experience in Utah demonstrates that it is possible to effectively address challenges and concerns associated with the road use

charge model, and we believe solutions can be implemented nationwide.

We recognize that a mileage-based user fee is not a silver bullet, but Utah's experience shows that it can be part of a diversified toolbox that also includes an inflation-indexed fuel tax while the fleet continues to rely on gasoline and diesel, targeted fees, and, yes, General Fund contributions.

Members of the subcommittee, transportation is essential for our extraordinary economy and quality of life in America. States need the certainty and the resources to build a safer, more resilient, and more innovative transportation future. A timely, long-term, fully funded reauthorization will let every State—urban, suburban, and rural—deliver the projects our citizens expect and deserve.

On behalf of Utah and my colleagues in all 50 States, thank you for your leadership and for the chance to testify. I look forward to your questions.

[Mr. Bracer's prepared statement follows:]

Prepared Statement of Carlos M. Bracer's, P.E., Executive Director, Utah Department of Transportation, on behalf of the American Association of State Highway and Transportation Officials (AASHTO)

INTRODUCTION

Chair Rouzer, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to appear today at this important hearing on America Builds: The Need for a Long-Term Solution for the Highway Trust Fund.

My name is Carlos Bracer's, and I serve as Executive Director of the Utah Department of Transportation (UDOT) and on the Board of Directors of the American Association of State Highway and Transportation Officials (AASHTO). I also served as AASHTO President from 2018 to 2019. AASHTO represents the state departments of transportation (state DOTs) of all 50 states, the District of Columbia, and Puerto Rico. In addition to serving as a past AASHTO President, I am also Chair of the AASHTO Agency Administration Managing Committee and Chair of the Technical Working Group of the AASHTO Center for Environmental Excellence. I am also the past Chair for the AASHTO Committee on Design. I also serve on the National Academies of Science's Transportation Research Board Executive Committee and am a past Chair.

I first joined UDOT with degrees in engineering and geology in 1986. Before my appointment as the Executive Director in May 2013, I served as the Deputy Director for twelve years with previous experience as a Region Director, Major Project Manager, Chief Geotechnical Engineer, and Chief Value Engineer.

I would like to extend AASHTO's utmost gratitude to you and your colleagues on the House Transportation and Infrastructure Subcommittee on Highways and Transit (the Subcommittee) for your dedicated leadership on surface transportation policy and your oversight of Infrastructure Investment and Jobs Act (IIJA) implementation. As AASHTO members look forward to the reauthorization of surface transportation programs prior to the IIJA's expiration in September 2026, state DOTs appreciate the sound policy and stable funding provided through this multiyear bill. The federally-assisted state-administered program and the formula-based funding that underpins the surface transportation bill remains foundational to the work of every single state DOT in meeting the goals of our country and improving safety, mobility, and access for everyone as articulated in AASHTO's 2021–2026 Strategic Plan.

The IIJA's highway formula funds are vital to the federal surface transportation system, enabling us to strategically improve outcomes. These federal funds, combined with Utah's robust state-funded program, are significantly benefiting all of our state's citizens. I would like to share an example of how the IIJA is supporting UDOT's mission to enhance quality of life through transportation. As an engineer, the example I am most appreciative of is the Bridge Formula Program, which has been one of the most valuable elements of IIJA for Utah. We have identified 90 bridges for improvements, which we prioritized with a goal to address as many

bridges owned by local governments as possible—of the 90 bridges prioritized, 76 are locally-owned. Without the Bridge Formula Program, many of these bridges would not be improved for quite some time. However, after implementation of the five-year IIJA Bridge program, all bridges that were in poor condition at the time of prioritization will be addressed. This will result in increased safety and accessibility in locations where needs are high and resources are short.

In determining how to sustain foundational federal investment throughout the country upon the IIJA's expiration next year, today's hearing is an important example of Congress's oversight responsibilities. As the owners and operators of transportation infrastructure in every corner of the country, UDOT and the other state DOTs appreciate the opportunity to offer our perspective on this vital issue.

AASHTO'S VISION AND CORE POLICY PRINCIPLES FOR REAUTHORIZATION

To inform your crucial work on surface transportation reauthorization, I want to point out that earlier this month, AASHTO's Board of Directors unanimously adopted the state DOTs' collective vision and core policy principles for the upcoming bill. Our vision calls for a world-class transportation system that supports and strengthens the nation's transportation infrastructure for a strong economy with improved safety and mobility. We believe achieving this vision requires the following:

- *Federal funding stability*: Stable federal funding is necessary to keep the pipeline of planned investments in transportation improvements, maintenance, and operations moving forward; a disruption to this stability will translate into project delays that increase costs resulting in fewer projects per dollar.
- *Formula-based federal funding paired with state contributions*: This approach to federal funding reflects the proven federal-state commitment that ensures the flexibility necessary for each state to best meet its unique investment needs.
- *Current funding levels plus inflation must be the baseline*: The baseline for the next bill must grow from current levels and keep up with inflation to advance safety and mobility in a meaningful way.
- *User pay principles for all vehicles*: Congress should ensure all vehicle types pay their fair share to fund transportation and to sustain the Highway Trust Fund.

AASHTO's Core Policy Principles are as follows:

1. *Prioritize formula-based federal funding to states.*

- Congress should prioritize formula funding for core federal highway and transit programs that optimally balance national goals with state and local decision making, including the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, National Highway Freight Program, Congestion Mitigation and Air Quality Improvement, and Bridge Formula Program.
- Congress should strengthen the federally-assisted state administered program by allowing maximum transferability among formula program categories, without federal approval, to ensure the right project can be funded at the right time.
- Congress should increase the formula-based program's share of the Federal-aid Highway Program to 95% to support faster and more effective delivery of projects that go through the state and local planning process.
- Congress should consolidate programs that have similar policy objectives and allow states and local governments flexibility to optimize delivery. Such programs include Carbon Reduction, Transportation Alternatives Set-aside, PROTECT, and National Electric Vehicle Infrastructure formula programs.
- In addition to prioritizing formula funding, Congress should reserve discretionary grants only for projects of utmost federal interest.

2. *Improve project delivery and program administration by increasing flexibility, simplifying environmental regulations, and reducing program burdens.*

- Congress should eliminate or reduce all federal regulatory and programmatic burdens that are not explicitly required in law including performance measures.
- Congress should support interested states who want to assume more federal responsibilities and the associated accountability.
- Congress should direct executive branch agencies to fully implement One Federal Decision to speed up the review timeline for projects and improve accountability for all parties involved in a project.

- Congress should modernize the NEPA process, rules, and definitions such as “major projects” and “federal actions” to better align federal resource agencies’ review and permitting actions that improve transportation and environmental outcomes while reducing delays.
 - Congress should support grandfathering environmental documents under development from new environmental regulations or listings that occur during the existing review process, such as consideration of updated listing of new endangered species after all consultations were previously completed.
3. *Create a more safe, resilient, and efficient future by supporting state DOTs’ ability to harness innovation and technology.*
- Congress should expand eligibility to fund technology and institute procurement flexibility across all modes with an emphasis on the safe and efficient movement of people and goods.
 - Congress should sustain support for research, development, and technology transfer activities that drive innovation for state DOT programs across the country.
 - Congress should call for collaborative industry consideration of governance frameworks and standards for seamless infrastructure and vehicle connectivity.

I am very supportive of AASHTO’s vision and core policy principles concerning the upcoming surface transportation reauthorization bill. I would like to highlight the importance of prioritizing formula funding over discretionary funding.

While the IJA has introduced many competitive discretionary funding programs, these have, at times, caused administrative inefficiencies at the federal, state, and local levels.

Formula funding offers administrative efficiency and the predictability essential for effective infrastructure planning. Furthermore, these funds enable Utah to allocate resources according to our local needs and priorities. I believe the next reauthorization bill should prioritize formula-based funding while limiting discretionary funding.

I view discretionary funding as a windfall—beneficial but unreliable. Discretionary grant programs are most effective in targeted circumstances and should be used for projects that align with established goals, which have been identified through collaborative long-range planning with local governments. Utah’s FrontRunner 2X Project, which aims to expand our commuter rail capacity by adding tracks in strategic locations, is a prime example. This project aligns with Utah’s long-range transportation plan, is necessary to address the mobility needs for our fast-growing urban population and would meet a critical need for the 2034 Winter Olympics. To ensure its timely completion, UDOT has applied for a discretionary grant through the Capitol Investment Grant Program. Targeting discretionary grants toward projects that align with established goals would allow an increased focus of funds on formula-based funding, offering states the greatest opportunity for sustainable infrastructure development.

IMPORTANCE OF THE HIGHWAY TRUST FUND

In 1956, Congress created the Highway Trust Fund (HTF) as part of the Highway Revenue Act of that year. It serves today as the primary mechanism by which the federal government provides resources to states, local governments, and transit agencies for highway and transit investments. The sources of revenue into the HTF fall into two categories: (1) motor vehicle fuel taxes on gasoline (18.4 cents per gallon) and diesel (24.4 cents per gallon); and (2) various fees related to heavy truck use. Motor fuel taxes account for the vast majority of revenue into the HTF, at approximately 90% of HTF receipts. Other revenues (not based on motor fuel consumption) account for only about 10% of HTF receipts.

The HTF has several key policy features from its inception almost 70 years ago. It is based upon the important “user pays” principle, which ensures federal highway users pay for the roads. It also ensures these user fees are used specifically for transportation purposes—as regularly defined and updated by Congress—through the application of “budgetary firewalls” that prevent the diversion of revenues to non-transportation activities. The historical predictability and reliability of HTF revenues supporting multiyear capital investments has enabled the federal surface transportation funding program to serve as an ideal means for supporting state DOTs, local governments, and transit agencies throughout the country.

Resources from the HTF are provided in the form of contract authority, a unique federal budgeting mechanism that allows for the obligation of funds without the

need for an annual appropriation. Instead, the appropriations process provides the authority to liquidate (i.e., pay) these obligations. Federal surface transportation authorization legislation provides contract authority on a multiyear basis, with the IIJA providing it for five years from fiscal year 2022 through fiscal year 2026. Providing annual contract authority levels at the beginning of the five-year authorization timeline allows state DOTs to plan and manage their programs of transportation projects, giving them the much-needed certainty and stability to effectively and efficiently fund transportation investments. *This certainty and stability allow states to be strategic in their investments. Utilizing a sophisticated asset management business approach to program the right project at the right time allows for better outcomes: increased safety, better asset conditions, and lower cost of asset ownership.*

While the HTF provided stable, reliable, and substantial highway and transit funding for decades, this is no longer the case. Since 2008, the HTF has been sustained through a series of General Fund transfers. With the transfer of \$118 billion into the HTF to pay for the IIJA, the total amount transferred now stands at over \$275 billion. While state DOTs are grateful for past efforts to supplement the HTF with General Fund transfers, this is not a viable long-term solution. Upon expiration of the IIJA, states will be left uncertain about how to plan for projects in the future.

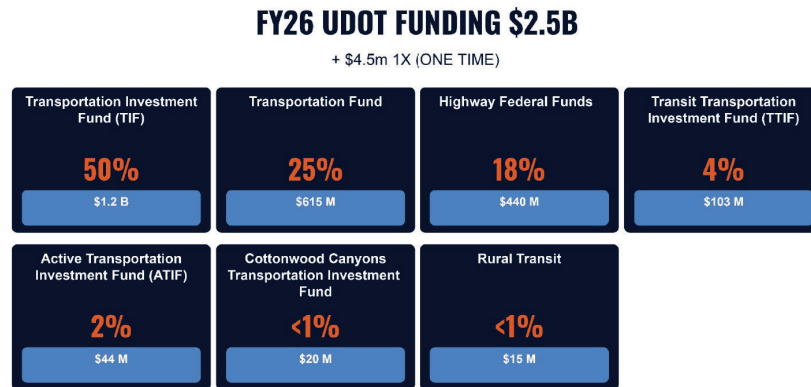
According to the January 2025 Congressional Budget Office (CBO) baseline, this year's HTF spending is estimated to exceed receipts by \$29.4 billion, with this annual gap growing to \$50 billion by 2035. If Congress were to reauthorize federal transportation programs for five years after the expiration of the IIJA, just to maintain current investment levels from HTF adjusted for inflation, CBO estimates the gap between necessary revenue into the HTF and five-year expenditures from it would be roughly \$142 billion. The IIJA was unique because it also provided a substantial amount of crucial transportation funding through advance appropriations from the General Fund. Sustaining this funding will require about \$195 billion in additional resources in the next five-year bill.

As we near the end of the IIJA, every state is in the position of making assumptions regarding anticipated federal funding after fiscal year 2026. Every state has a multiyear State Transportation Improvement Program (STIP) that includes all of the projects we anticipate delivering over the programmed period of time. Each state will be making their own unique assumptions. In Utah, our currency is trust. We look at the STIP as a promise made to our citizens, and we are very proud that we deliver our projects on time and within budget. Having them in the fiscally constrained STIP is what allows us to do that. During our current programming cycle, we are making the assumption that the federal program will be flat after FY 2026 because we do not know what reauthorization will look like. We do not want to make commitments that we may not be able to deliver. That is why a timely long-term authorization is so important.

The funding provided from the IIJA continues to play a critical role in allowing every state and community across the country to address their immediate and long-standing transportation needs. State DOTs and their partners in the transportation industry do everything in their power to deliver needed priority projects as quickly as possible, but due to the nature of large capital programs, many of the projects take several years to complete. We cannot emphasize enough the need for stable and predictable funding from the HTF that makes it possible for state DOTs to strategically plan their transportation programs, especially when they include large projects that need a reliable flow of funding over multiple years. These projects are what connect people, enhance quality of life, and stimulate economic growth in each community where they are built.

Utah was the fastest growing state in the country over the past 10 years, placing rapidly increasing demands on our transportation system. Our ability to provide the necessary additional roadway capacity is being outpaced by population growth, so the pressure to deliver capital projects is urgent and acute. We are in the enviable position of having State leaders that understand the value of transportation infrastructure investment, so we have a healthy state-funded budget for capacity projects. However, an effective transportation system also requires a proactive approach to maintenance and operations. In Utah, we depend on a reliable funding program for road and bridge maintenance and repairs and safety projects as a critical piece of our overall funding approach. I believe that Utah is an ideal model as a partner with the federal government because we bring substantial state funding to the critical federal-state partnership.

Figure 1: Utah Transportation Funding Snapshot



Source: UDOT Strategic Direction (<https://udot.utah.gov/strategic-direction/>)

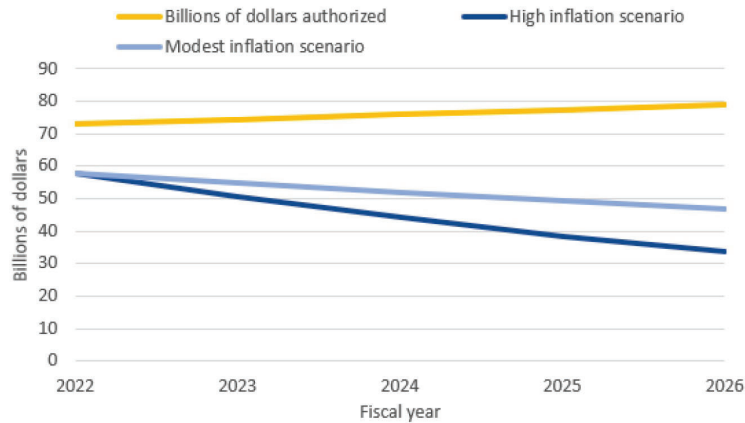
THE IMPACT OF INFLATION

A major challenge for state DOTs since the IIJA's enactment in November 2021 has been inflation—both in terms of how much each dollar can buy in transportation expenditures, and in the decades-long loss of purchasing power of the federal gas tax.

At its outset, the level of funding authorized in the IIJA was often described as “historic, or generational” including its \$673.8 billion in transportation funding for roads, bridges, transit, airports, ports, and rail. Of that \$673.8 billion, the largest share—or \$379.3 billion—was for highway infrastructure, with roughly 20% of the total highway allocation to be distributed in each of the five fiscal years from 2022 through 2026.

State DOTs are grateful for this funding. However, since the first year of the IIJA, the nation as a whole—and the transportation sector in particular—have experienced a significant loss of purchasing power due to inflation. According to USDOT's Bureau of Transportation Statistics (BTS), their “modest inflation” scenario for the IIJA estimates a 31% loss in purchasing power for the total of its five fiscal years from fiscal 2022 to 2026, reducing the \$379.3 billion in nominal dollars for highways to \$260.5 billion in real dollars. The BTS's “high inflation” scenario estimates a 40% loss in purchasing power of IIJA funding, reducing \$379.3 billion in nominal dollars to \$224.2 billion in real dollars. It should be noted that the nominal increase in formula funding to states from the last year of the FAST Act to the first year of the IIJA was 31%—which translates to essentially standing still in terms of purchasing power under the BTS's “modest inflation” scenario or experiencing a 9% loss under the “high inflation” scenario.

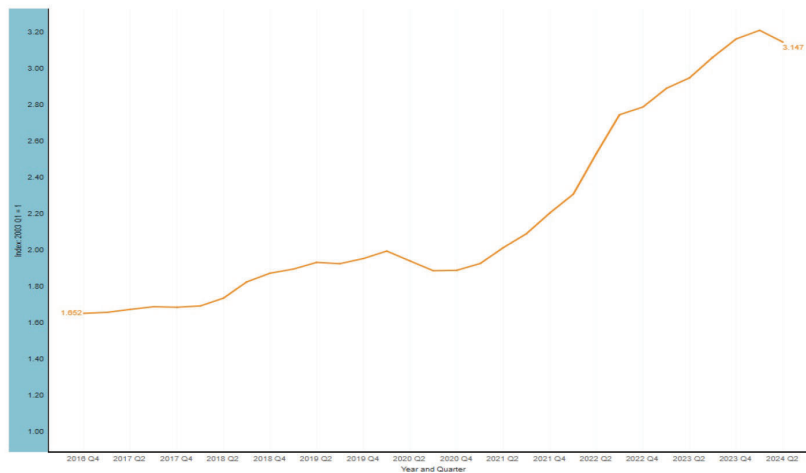
Figure 2: IJIA Funds Authorized for Highways by Fiscal Year and Amount Reduced by Construction Cost Inflation



Source: USDOT Bureau of Transportation Statistics, <https://www.bts.gov/data-spotlight/increases-highway-construction-costs-could-reduce-bill-funding-allocated>

Another sobering data point comes from the FHWA's National Highway Construction Cost Index, which shows a 70% increase between October 2020 and June 2024. According to the Eno Center for Transportation, since the end of 2020, the federal government has lost \$61.5 billion of the value of its spending increases on roads and bridges due solely to increased construction costs.

Figure 3: National Highway Construction Cost Index: Seasonally Adjusted from 2016 Q3 to 2024 Q2



Source: Federal Highway Administration, <https://www.fhwa.dot.gov/policy/otps/nhcci/>

This substantial construction cost inflation has occurred while the purchasing power of HTF revenues continues to decline substantially. Federal fuel taxes are flat, per-gallon excise taxes that have not been adjusted since 1993 and thus have lost more than half of their value over the last 35 years. This loss of purchasing power is especially stark when compared to the costs of other basic goods and services during the same period.

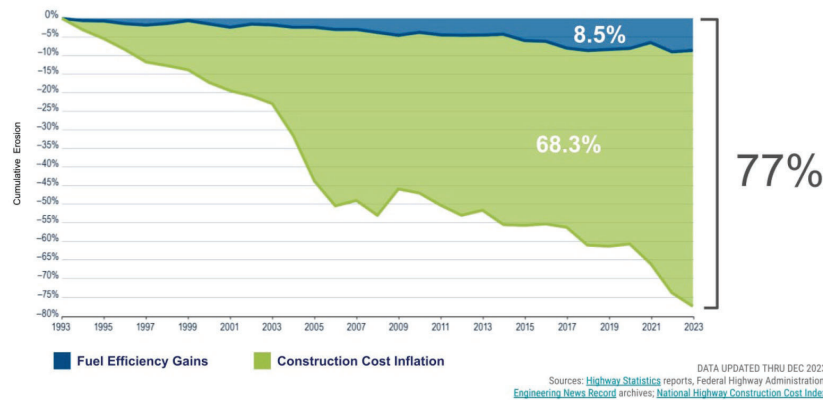
Figure 4: Sample of Nominal Price Changes Relative to Federal Gas Tax

Item	Description	1993	2024	Percent Change
College Tuition	Average Tuition & Fees at Public 4-year Universities	\$ 1,908	\$ 15,660	721%
Eggs	Average Price of One Dozen	\$ 0.90	\$ 4.95	450%
Healthcare	National Expenditure Per Capita	\$ 3,402	\$ 14,570	328%
House	Median New Home Price	\$ 118,000	\$ 419,200	255%
Gas	Per Gallon	\$ 1.08	\$ 3.52	226%
Bread	Per Pound of White Bread	\$ 0.75	\$ 2.02	169%
Beef	Per Pound of Ground Beef	\$ 1.97	\$ 5.21	164%
Income	National Median Household	\$ 31,241	\$ 80,610	158%
Stamp	One First-Class Stamp	\$ 0.29	\$ 0.73	152%
Electricity	Per kWh	\$ 0.09	\$ 0.17	80%
Federal Gas Tax	Per Gallon	\$ 0.18	\$ 0.18	0%

Sources: College Board; US Bureau of Labor Statistics; US Bureau of Economic Analysis, US Bureau of Labor Statistics, US Census Bureau, Centers for Medicare & Medicaid Services College Board, US Energy Information Administration, US Postal Service

Utah has not been immune to these significant construction cost increases. We typically program for project costs to increase between 4% and 5% annually. However, the recent rate of inflation has far exceeded the norm. In 2021, we saw construction costs increase by 16%, followed by a 12% increase in 2022 and an 8% increase in 2023. In 2024, costs returned to the 5% to 6% range. Our current six-year program includes over \$9.5 billion in projects, and inflation has impacted the costs for all of them. To manage these cost increases, we have had to delay projects unless new funding became available. Delaying projects decreases the benefits to the public, as timely project delivery is essential for realizing the safety and mobility benefits of these projects.

Figure 5: National Fuel Tax Purchasing Power Erosion



OPTIONS FOR ADDRESSING THE FUTURE HIGHWAY TRUST FUND FUNDING GAP

Should Congress wish to address the HTF revenue gap, which AASHTO strongly urges this body to do, there is no shortage of technically feasible tax and user fee options that Congress could consider to generate additional HTF revenue. Three broad categories of revenue for the HTF exist:

- Raising or indexing the rates of existing HTF revenue streams such as the excise tax on gasoline and diesel, user fees on heavy vehicles, and sales taxes on trucks, trailers, and truck tires;
- Identifying and creating new federal revenue sources for the HTF, including, for example, imposing an annual fee on electric and hybrid vehicles or a tax on alternative fuels such as electricity; and

- Redirecting revenue generated by existing federal sources into the HTF, including, for example, customs duties, income taxes, and other revenues from the General Fund.

The following is a matrix that demonstrates the breadth of potential HTF revenue mechanisms, including a column that shows an illustrative rate or percentage increase and the associated revenue yield estimated.

Figure 6: Matrix of Illustrative Surface Transportation 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
Existing HTF Funding Mechanisms				
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		\$8.8
Truck and Trailer Sales Tax	20.0%	increase in current revenues, structure not defined	\$0.6	\$4.2
Truck Tire Tax	20.0%	increase in current revenues, structure not defined	\$0.1	\$0.5
Heavy Vehicle Use Tax	20.0%	increase in current revenues, structure not defined	\$0.2	\$1.2
Other Existing Taxes				
Minerals Related Receipts	25.0%	increase in/reallocation of current revenues, structure not defined	\$0.6	\$3.4
Harbor Maintenance Tax	25.0%	increase in/reallocation of current revenues, structure not defined	\$0.4	\$1.9
Customs Revenues	5.0%	increase in/reallocation of current revenues, structure not defined	\$1.9	\$10.3
Income Tax - Personal	0.5%	increase in/reallocation of current revenues, structure not defined	\$5.3	\$28.4
Income Tax - Business	1.0%	increase in/reallocation of current revenues, structure not defined	\$1.7	\$8.9
License and Registration Fees				
Drivers License Surcharge	\$5.00	dollar assessed annually	\$1.1	\$6.1
Registration Fee (Electric Light Duty Vehicles)	\$100.00	dollar assessed annually	\$0.0	\$0.2
Registration Fee (Hybrid Light Duty Vehicles)	\$50.00	dollar assessed annually	\$0.2	\$1.3
Registration Fee (Light Duty Vehicles)	\$5.00	dollar assessed annually	\$1.3	\$6.8
Registration Fee (Trucks)	\$100.00	dollar assessed annually	\$1.2	\$6.3
Registration Fee (All vehicles)	\$5.00	dollar assessed annually	\$1.3	\$7.1
Weight and Distance Based Fees				
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	\$165.7
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
Sales Taxes on Transportation Related Economic Activity				
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
Other Excise Taxes				
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.

STATE INNOVATIONS TO ADDRESS TRANSPORTATION FUNDING SHORTAGES

Just as the HTF relies primarily on the fuels tax, states have long derived a large portion of their road funding from the gas tax. However, the gas tax at the state

level also continues to be eroded due to inflation along with the growing use of fuel-efficient vehicles.

Since 2016, over two-thirds of all states and the District of Columbia have enacted legislation to increase their transportation revenues. These actions have included raising the rates of existing transportation taxes or fees; indexing revenues so they automatically track with inflation or rising construction costs; and establishing a wide variety of new revenue sources. AASHTO's Transportation Governance and Finance report (3rd edition), published in 2022, found over 100 sources of revenue in place at the state level just to support roads and bridges.

In 2003, the Utah Legislature recognized that fuel tax revenues were increasingly insufficient to support necessary investments in our transportation system, so they established a Transportation Planning Task Force. Among other funding mechanisms, the Task Force explored the possibility of a road usage charge program as a potential strategy to address the critical issue that fuel taxes are failing to meet the growing demand for additional transportation capacity and preserving the system assets. The decline in the effectiveness of the fuel tax stems from multiple factors, including: (a) continuous improvements to the fuel economy of motor vehicles in general; (b) increased adoption of electric, hybrid, and alternative fuel vehicles, which generate little to no fuel tax revenue; and (c) inflation continuing to outpace the growth in fuel tax revenue year after year.

To address the inability of the fuel tax to raise sufficient revenue for our state transportation system, Utah has implemented the following policies:

- **State Sales Tax Earmarks:** A portion of state sales tax revenue is allocated to Utah's capacity program, starting at 8.3% in 2006 with incremental increases to an earmark of 27.68% in 2025.
- **Fuel Tax Increases:** The state raised fuel taxes from 19 cents per gallon in 1998 to 24 cents, and again in 2016 to 29 cents per gallon.
- **Fuel Tax Indexing:** Fuel taxes have been indexed to the Consumer Price Index since 2019. In 2025, fuel taxes increased to 38.5 cents per gallon.
- **Motor Vehicle Registration Fee Increases and Indexing:** Registration fees were increased multiple times between 1997 and 2009, with indexing beginning in 2009.
- **Annual Fee for Alternative Fuel and Hybrid Vehicles:** These fees were introduced in 2016. In 2025, electric vehicles paid \$139, plug-in hybrids paid \$60, and hybrids paid \$23.
- **Local Option Sales Taxes for Transportation:** Utah's first local option sales tax, dedicated to public transit, was adopted in 1975. Currently, local governments can implement up to five local option sales taxes, totaling 1.25%, for various uses, including public transportation, highways, active transportation, and airports.

In Utah, we have come to the realization that there is not a silver bullet for funding transportation. We believe it takes a strong federal partnership, a variety of user fees, and sales tax or other general revenue sources. Each of these components play an important role that enables us to take care of what we have and to address the needs of our growing population.

The federal government is a critical partner in addressing transportation, and it should be noted that federal transportation funding does not displace or discourage state and local investment. In fact, as evidenced by significant transportation infrastructure investment needs, further strengthening and reaffirmation of the federally assisted, state-implemented foundation of the national program is even more critical now than in the past.

USER BASED FUNDING APPROACH

As the revenue yield from fuel taxes has decreased, interest continues to grow in potential user-pays approaches that charge people based on how many miles they drive rather than how much fuel they buy. The gas tax was originally intended to serve as a user fee, but over time has become increasingly decoupled from usage as vehicles become less dependent on—or entirely independent from—petroleum fuel. A user-pays funding model would realign the link between what you use and what you pay. Many terms are used for this type of user-pays system, including a vehicle miles traveled (VMT) fee, a mileage-based user fee (MBUF), and a road usage charge (RUC) as we call it in Utah. For the purposes of this discussion, I will use “road usage charge” as a term referring to the user-pay funding approach generally.

Recognizing the need for further demonstration, research, and testing of road usage charging models, in 2015 Congress established the Surface Transportation Systems Funding Alternatives (STSFA) program in the Fixing America's Surface

Transportation (FAST) Act. At this juncture, 51 RUC-related pilots and studies in a number of states have been funded through the STSFA program. In addition, multistate and regional pilots on the East and West Coasts were completed with STSFA support. These pilots have garnered findings and lessons learned on topics such as reporting methods, account management, public acceptance, interoperability, and impacts on commercial vehicles, which will help inform the future of any mileage-based system.

The IIJA continued the exploration of road usage charges through two RUC programs: (1) the Strategic Innovation for Revenue Collection, a five-year, \$75 million grant program for states, local governments, and metropolitan planning organizations to further study user-based funding models; and (2) the National Motor Vehicle Per-Mile User Fee Pilot, providing \$50 million to conduct a national RUC pilot for up to 1,000 participants in each of the 50 states, the District of Columbia, and Puerto Rico. In addition, I am honored to serve as Chair of the Federal System Funding Alternative Advisory Board created as part of the IIJA to provide practical state DOT perspectives to inform the pilot program. The Board members have been named, and I hope that the Board will be activated soon.

The RUC holds many potential benefits, such as looking at the “market rate” to access crowded segments of the road network and helping to reduce excessive road wear. In addition, mileage fees for trucks could vary based on axle weight (for example, higher for trucks with fewer axles) and type of route (higher for travel on lightly engineered routes). This would encourage truckers to adopt trailer configurations designed to reduce axle loads and to travel, where possible, on heavily engineered highways or main arterials.

With that said, concerns have also been raised about the equity of the RUC compared to fuel taxes. A common perception has been that RUC is unfair to rural residents. States that have examined this issue have found that while rural residents tend to drive longer distances, they use less fuel-efficient vehicles to do so and thus pay more in gas tax—both in total and per mile—than urban residents. Rural residents likely wouldn’t pay more than they do under a gas tax model, while urban residents—who tend to drive more efficient vehicles—would likely pay a little more. When it comes to ensuring privacy, a RUC can rely on metering options that provide no information about the location of travel, rely on a trusted third party to protect and secure private data, use technology with built-in privacy safeguards, and be supported by privacy legislation that clearly distinguishes between permissible and impermissible uses of personal travel data—or a combination of the above.

In Utah, we implemented the nation’s first operational statewide road usage charge (RUC) program in January 2020, applying and testing the principles and practices described earlier. Through this experience, we have gathered numerous lessons that we believe will benefit the national pilot, as we learned from states with prior RUC programs. Several key features of our program are designed to specifically address common concerns about potential road usage charge programs.

Our program currently applies only to electric vehicles, as they benefit from the highway system but do not contribute fuel tax revenue, ensuring fairness. Furthermore, participation in our program is opt-in. Electric vehicle owners can choose to pay a flat fee at vehicle registration, ensuring their contribution to the transportation system without mandatory RUC participation. While the program’s parameters may evolve, we believe providing choice is crucial, especially in the initial implementation years. We also recognize that individuals have varying levels of comfort with data privacy, particularly concerning location information. Therefore, we offer multiple options for collecting and submitting mileage data, including the option to report only odometer readings. A national pilot, and any potential future nationwide program, should be developed with careful consideration. Our experience in Utah demonstrates that it is possible to effectively address challenges and concerns associated with the RUC model.

A RUC is a fair way to ensure that owners of all vehicles—including those that use little or no gas and thus pay little or no gas tax—pay for their use of the roads.

CONCLUSION

I believe it is clear to all policy makers that an effective transportation system is critical to our economy, mobility, health, and communities. It offers a huge lever to affect success, today and in the future. We can coalesce around a shared vision of providing people freedom to go where they want, when they want, how they want—and to do so safely. We connect people with what matters most: jobs, recreation, communities, healthcare, educational opportunities, and—most importantly—the people we care about. We connect people to these things through a travel experience that is frictionless: People don’t even notice it because it just works.

Achieving a future world-class transportation system—essential for our nation’s security and economic vitality—requires predictable revenue sources that keep up with inflation.

The current funding trajectory of the HTF—the backbone of the federal transportation surface transportation program—is declining and remains unsustainable. Given its foundational role in funding highway and transit investments in every corner of the country, AASHTO looks forward to assisting you and the rest of your House colleagues in finding and implementing a viable set of revenue options for the HTF to ensure continued investment in our future through transportation.

Mr. ROUZER. Mr. Johnson.

TESTIMONY OF TY JOHNSON, PRESIDENT, FRED SMITH COMPANY, ON BEHALF OF THE NATIONAL ASPHALT PAVEMENT ASSOCIATION (NAPA)

Mr. JOHNSON. Good morning, full Transportation and Infrastructure Committee Chairman Graves, Ranking Member Larsen, and Highways and Transit Subcommittee Chairman Rouzer, Ranking Member Norton, and members of the committee.

Thank you for the opportunity to speak today about the Highway Trust Fund and the vital role it plays in securing the future of our national surface transportation system.

My name is Ty Johnson. I am proud to serve as president of Fred Smith Company, a Raleigh-based heavy highway construction company employing over 1,200 dedicated men and women throughout North Carolina. Our company builds roads and bridges, manufactures asphalt, and has proudly contributed to the infrastructure that keeps our communities connected for nearly 100 years.

I am a lifelong North Carolinian, born in Durham and educated at NC State University where I earned a degree in civil engineering. I have spent my entire 30-year career in the heavy highway industry serving in many positions at our company.

Today, I am honored to speak not only for Fred Smith Company, but also on behalf of the 1,100 member companies of the National Asphalt Pavement Association, the only national trade association exclusively representing the asphalt paving industry for the past 70 years.

Our members are in every State and operate in every congressional district. The asphalt pavements we provide cover over 94 percent of the entire national roadway market, and our industry is ubiquitous with any policies focused on highway funding, expansion, and maintenance.

However, we cannot talk about America’s infrastructure future without first talking about the solvency of the Highway Trust Fund. My hope is to provide this committee on the HTF’s real world impacts on contractors and material providers, like Fred Smith Company and others in the asphalt industry, who work with State DOTs and HTF-backed projects every day throughout the country.

I believe four clear user fee pathways must be considered for HTF solvency, and while NAPA is agnostic on any one option we must pursue, these four would certainly make major financial strides.

One option is to immediately index and raise the gas tax, which hasn’t occurred since 1993. Another is to capture all users of the national roadway system within the HTF, explicitly EV and any

hybrid drivetrains that pay little to no funds into the HTF currently.

Additionally, you could implement a national vehicle-miles traveled program that will provide an equitable capture of the roads we use and frequency, which can be deployed without privacy concerns and could implement various collection mechanisms.

Lastly, a national fee on gross vehicle weight restrictions would capture any vehicle on our roadways and tier a vehicle's fee based off its weight and, thus, its literal impact on our national roadway network.

Each of these options has merit, and together, implemented in some capacity or in tandem, offer a pathway to sustainable long-term funding.

In North Carolina, we understand the stakes. Our State maintains more roads than nearly any other, over 80,000 miles of highway and 13,500 bridges. In 2023 alone, North Carolina received \$1.6 billion in Federal funds from the HTF to support critical projects like the widening of I-95 and improvements to I-85 and I-77 in Charlotte.

Every \$1 billion in infrastructure investment supports approximately 13,000 America jobs. At Fred Smith Company and across the entire asphalt industry, we provide good-paying careers that support families and communities. But without reliable HTF funding, that workforce we proudly employ and the projects they deliver are at risk.

While we are doing what we can to help, the asphalt industry is stretching every Federal dollar, given asphalt is America's most recycled material. Every year, over 90 million tons of reclaimed asphalt pavement are reused, saving State DOTs more than \$3 billion annually. With the right policies and incentives, we can further expand this cost-saving practice and deliver greater value for every taxpayer dollar without sacrificing pavement performance.

But it is not just how we support the HTF with user fees, it's what HTF resources mean for the safety of our employees. As you know, last week was National Work Zone Awareness Week, a sobering reminder that more than 100 road workers lose their lives annually in work zones. HTF programs, like the Work Zone Safety Contingency Fund, support technologies and strategies that keep our workers and the traveling public safe.

Members of the committee, the Highway Trust Fund is not just a financial mechanism. It is the backbone of our Nation's surface transportation network. The current user-fee system is unsustainable, but the solutions are within reach and the choices are real.

On behalf of Fred Smith Company and the members of NAPA, we are eager to partner with you in shaping a bold, bipartisan reauthorization package that financially secures the HTF and positions our country for decades of economic growth and mobility.

Thank you for the opportunity to speak today. I look forward to your questions and to supporting your work in ensuring the financial future of our national surface transportation network.

[Mr. Johnson's prepared statement follows:]

**Prepared Statement of Ty Johnson, President, Fred Smith Company, on
behalf of the National Asphalt Pavement Association (NAPA)**

INTRODUCTION

Transportation and Infrastructure Committee Chairman Sam Graves, Ranking Member Rick Larsen, Highways Subcommittee Chairman David Rouzer, Ranking Member Eleanor Holmes Norton, and other members of the committee, thank you for inviting me today to discuss the Highway Trust Fund (HTF) and its financial security ahead of the upcoming surface transportation reauthorization package.

My name is Ty Johnson, President of Fred Smith Company, a Raleigh-based construction company employing more than 1,200 hard-working men and women throughout North Carolina. Fred Smith Company manufactures materials and builds roads and bridges as a major asphalt paving and heavy highway contractor. I'm proud to share that we are at the cusp of our centennial year, as we'll celebrate 100 years as a company in 2027.

I was born in Durham and am a lifelong resident of North Carolina. I attended NC State University where I earned a Civil Engineering degree in 1995. After graduating, I began working as a grading foreman for a family-owned heavy-highway construction company in Raleigh. This will be my 30th year working for this same company, which became Fred Smith Company in 2009. I have served in many positions with most of those years spent leading our estimating pursuits. In 2024, I was named President of the company and have enjoyed my leadership position this past year. The heavy-highway industry has provided me with many fulfilling opportunities. My story is similar to my colleagues and industry peers, who take pride in building the roadways that connect Americans to their families, communities, and commerce. My hope is that I will continue to see many others advance their careers and improve their lives through hard work and perseverance in the heavy-highway and paving industries.

Fred Smith Company operates within a larger family of construction companies, spanning services in asphalt mix production, aggregate facilities, and liquid asphalt terminals across eight states. Together, we comprise Construction Partners, Inc. (CPI). Within CPI, publicly funded projects make up the majority of our business and include local and state roadways, interstate highways, airport runways, and bridges. We also perform private sector projects that include paving and sitework for office and industrial parks, shopping centers, local businesses, and residential developments.

I am proud to join you on behalf of the 1,100 U.S. member companies of the National Asphalt Pavement Association (NAPA) the only trade association representing the asphalt pavement industry in the United States for 70 years. NAPA member companies are located in every state and have operations in every single congressional district providing roadbuilding services for families, businesses, communities, and states to thrive. NAPA is eager to partner and collaborate with the T&I Committee as we collectively work toward the next highway reauthorization. As I share my testimony, I look forward to sharing the funding challenges facing the HTF, the user fee solutions we should be considering, an insight on how the HTF supports programs like work zone safety, and how the asphalt industry is helping leverage precious federal funding.

THE CHALLENGE: STAGNANT HIGHWAY TRUST FUND USER FEES

The investment and certainty that the HTF brought from its inception in 1956 and over the past seven decades facilitated the planning, development, and maintenance of the U.S. roadway infrastructure network—the consistency and reliability of which underpins our national economic competitiveness. Despite its importance, the Highway Trust Fund has been running on empty. Since 2008, Congress has transferred more than \$150 billion from the general fund to cover shortfalls. The HTF's primary revenue source—the federal gas tax—has not been increased since 1993, and it is not indexed to inflation. Adjusted for inflation, its purchasing power has fallen by nearly 50%. Without HTF solutions, economic progress quickly evaporates with more road closures, increased delays for road repairs, and traffic increasing exponentially in our major cities, ports of entry and border crossings, and national highways.

This consistent decline in user-fee revenues is exacerbated by increasing fuel efficiency across all classes of automobiles and the prevalence of electric vehicles (EVs)—a growing market share that does not contribute into the federal HTF system in spite of the additional wear and tear EVs have on our roadways due to their heavier gross-vehicle weight from batteries. The result to the HTF is a growing mismatch between revenue and need, and that gap will get exponentially larger without

the implementation of new user fee approaches. I understand that perhaps as early as tomorrow, this Committee will have a markup via the Budget Reconciliation instructions, and EV fees are under consideration—we greatly appreciate seeing those funds generated from highway users going into the HTF. It sounds self-explanatory, but we must have all highway users paying into the HTF and we wholeheartedly support capturing all users, including EV drivetrains, within HTF revenues.

The biggest issue and opportunity facing this Committee is to provide a solution for consistent, robust investment in our nation's highways and fix the HTF. With the current highway reauthorization legislation, Infrastructure Investment and Jobs Act (IIJA), expiring on September 30, 2026, we know many members of the Committee will be focused on the policies, project priorities, and scope of a future multi-year surface transportation reauthorization; but none of that is possible unless we implement solutions to support the financial solvency of the HTF. While the current state of the HTF seems challenging, we have tremendous opportunity to usher in a new era of HTF expansion and improvements for many future decades of road expansion and maintenance.

Speaking on behalf of a 100-year-old company and the 1,100 members of NAPA, we want to help you and be part of the solution for ensuring American's highway infrastructure continues to serve our nation and people well.

SEEKING DURABLE REVENUE SOLUTIONS: REEVALUATING THE HTF USER-FEE MODEL

Let's not ignore the financial red flags; the current system has long been broken. A more equitable and sustainable user-fee model is required. Because the asphalt industry, and virtually every corner of the construction and transportation sectors, understand action must be taken, we support HTF solvency via user fee generation. Given the dependence every citizen has on our national surface transportation network, our elected officials need to take bold steps toward HTF solutions. Some options this Committee should consider include:

- Modernizing the federal gas tax by indexing it to inflation.
- Ensuring EVs contribute their fair share into the HTF, through registration fees or similar mechanisms.
- Exploring road usage charges or vehicle miles traveled (VMT) fees that better reflect wear and tear on infrastructure.
- Gross vehicle weight registration fees, which would capture all road users equitably.
- The opportunity for private investment through expanded public-private partnerships (P3) and infrastructure banks that focus exclusively on surface transportation projects.

Understanding various revenues options exist, the asphalt industry would like to highlight those with the most data, durability and financial promise. Let's explore four of the most viable options.

1. *Federal Gas Tax Increase and Index:*

The federal gas tax has not increased since 1993, which stands at 18.4-cent per gallon gasoline tax and 24.4-cent per gallon diesel tax, and the gas tax is not indexed for inflation. Despite no changes to this revenue source in more than 30 years, the gas tax remains the main revenue source for the HTF. According to the National Council of State Legislatures¹ (NCSL), since 2013, 35 states and the District of Columbia have all raised their local gas taxes to help pay for infrastructure. While some were accomplished via ballot measures, a majority of these increases were drafted, debated, and passed through state legislatures. It should be noted that over two-thirds of the electorate have supported state and local measures to enact modest increases to gas tax receipts in order to grow and maintain their roadway network. Taking the same initiative at the federal level would dramatically help the HTF. Previous failed legislation that would have indexed and increased the gas tax 25 cents over 5 years would have raised HTF receipts almost \$375 billion over a ten-year window, according to ENO Trans.²

2. *Registration Fees for EVs:*

As new technologies lead the vehicle market toward hybrid and electric vehicle (EV) options, we must determine how all users of our roads pay for the maintenance and expansion of using them. EVs do not pay into the HTF at the federal level, yet inflict more wear and tear compared to traditional vehicles due to the weight and

¹ <https://www.ncsl.org/transportation/recent-legislative-actions-likely-to-change-gas-taxes#:~:text=Since%202013%2C%2035%20states%20and,their%20state%20gas%20tax%20rate.>

² <https://enotrans.org/article/how-much-money-would-a-gas-tax-increase-raise/>

size of their battery components. It is imperative that Congress provide a solution to capture this market of growing highway users that are currently not paying any Federal tax to use our national highway system. Despite no federal fees, at least 39 states have some variation of an EV fee to help offset roadway maintenance cost. According to NCSL³, 32 of those states also assess a registration fee for both plug-in and non-plug-in hybrid electric vehicles with combustible engines, ensuring all potential drivetrains are captured. EV registration fees range from a low of \$50 in Colorado to a high of \$290 in New Jersey starting in 2028. At least 10 states structure the additional registration fees to grow over time by tying the fees to the consumer price index or another inflation-related metric.

3. *National VMT Fee:*

A viable option to consider would be a national vehicle miles traveled (VMT) fee, which has been discussed before this Committee. In fact, NAPA led a coalition letter during a previous hearing on this topic, underscoring the need to examine this revenue option further and press DOT to convene their VMT advisory group—as mandated under IIJA—in earnest. VMT fees have long been studied and show real promise, with states like Utah and Oregon compiling years of data on local VMT measures, with other states like Virginia soon to implement their own programs. This approach aligns revenue generation directly with road usage, offering a sustainable alternative to fuel taxes. Thus, VMT fees provide a consistent and predictable funding stream that reflects actual road usage, rather than fuel consumption patterns that are subject to change. And a VMT fee would capture all users, regardless of drivetrain, ensuring all users are paying their share into the HTF. Lastly a VMT would not be discriminatory on rural America or cause an invasion of privacy; there are various collection mechanisms that could be considered that don't include any record of one's driving patterns.

4. *National Gross Vehicle Weight Fees:*

A novel approach that eliminates any dependence on new user-capture technologies or dramatic administrative burdens is a national gross vehicle weight (GVW) fee. This option would categorize all roadway users—motorcycles, passenger cars, delivery vans, and long-haul commercial trucks—into specific GVW classes with a corresponding fee. Many states already have a variation of this fee at the local level. A national fee would be collected by the states during their current processes for collecting state registration fees. Adding the federal fee would not require a significant cost to operate nor would it require a significant amount of time to transition, given every state has registration fee collection agencies and processes. Furthermore, this revenue has options to grow, since the number of vehicles in the national fleet continues to increase year over year, and the schedule below could generate \$70 billion. A rough schedule⁴ of GVW fees could look like this:

- \$135 for most passenger cars
- \$165 for large SUVs and pickup trucks
- Up to \$4,600 for the largest commercial trucks (18-wheelers)

User-Fee Summary:

While no one solution will resolve HTF solvency on its own, we must be willing to consider an array of options in tandem. This Committee has a unique opportunity to draft a highway reauthorization package that bolsters the HTF not just for a few years, but establishes a durable financial foundation for decades to come and for generations of Americans reliant on a world-class surface transportation system. The asphalt industry is eager to work with you as these options develop and work with other elected officials to support these proposals in a future highway reauthorization package.

ECONOMIC GROWTH RELIES ON A STRONG TRANSPORTATION NETWORK

The economic argument for fully and properly funding the Highway Trust Fund is overwhelming. According to the White House's Council of Economic Advisors, every \$1 billion invested in transportation infrastructure supports an estimated 13,000 American jobs⁵. These are good-paying jobs that support families and build communities—many of which can be found in the asphalt industry and at companies like mine. In 2018, the national roadway network facilitated the transport of over

³ <https://www.ncsl.org/transportation/special-registration-fees-for-electric-and-hybrid-vehicles#:~:text=For%20example%2C%20at%20least%2039,vehicles%20or%20alternative%20fuel%20vehicles.>

⁴ American Highway Users Alliance (AHUA) GVW one-pager

⁵ <https://www.whitehouse.gov/blog/2011/09/09/american-jobs-act-state-state.>

\$18 trillion in annual economic activity via 5.25 trillion ton-miles of freight⁶. Many goods—whether manufactured in Detroit or imported through Long Beach or Baltimore—move on highways and roads paved with asphalt, maintained in part by the Highway Trust Fund.

Fred Smith Company has had the privilege to positively impact the people of NC through its construction projects by easing congestion, opening new areas for development, and providing better ride quality on major highways and thoroughfares. Smoother roads mean the pavements last longer compared to rough surfaces, and for commuters this translates to less wear and tear on their vehicles, mitigating their own out-of-pocket maintenance costs. We have previously, and are currently, participating in multiple projects to add capacity, improve ride quality, and improve road safety on interstates I-40, I-85, and I-95 and major arteries such as US-1, US-264, and US-401. All of these projects are dependent on funding through the Highway Trust Fund, and as I'll share, the local impacts cannot be overstated.

NORTH CAROLINA IMPACTS FROM HTF-BACKED PROJECTS

In my home state of North Carolina—a state of 10.7 million people, with a rapidly growing economy and one of the largest state-maintained highway networks in the country—the impact of the HTF cannot be overstated. From reducing congestion in urban corridors to connecting rural communities to job centers, the HTF is critical to road construction, economic development, and motoring safety in the Tar Heel State.

North Carolina ranks second in the nation for the number of state-maintained roads, with more than 80,000 miles of highway and over 13,500 bridges. The North Carolina Department of Transportation (NCDOT) is responsible for maintaining a road system that supports major urban hubs like Charlotte, Raleigh, and Greensboro as well as rural counties stretching from the rugged Appalachian Mountains to the beaches of the Atlantic coast. This diverse and expansive transportation network requires consistent and flexible funding—something only the Highway Trust Fund has reliably provided over the years.

In 2023, North Carolina received approximately \$1.6 billion in federal highway and transit funds through the HTF. These funds were instrumental in advancing dozens of major road construction projects across the state, including:

- Widening I-95 near Fayetteville and Rocky Mount, one of the most important commercial corridors in the eastern United States.
- Improving I-85 and I-77 interchanges in Charlotte, addressing major congestion bottlenecks in one of the country's fastest-growing cities.
- Reconstructing bridges in rural counties like Yancey, Graham, and Northampton that are essential for school buses, emergency responders, and freight vehicles.

Because North Carolina maintains more roads than most states, federal support fills a critical gap. State funding—drawn from gas taxes, vehicle fees, sales taxes, and toll revenues—cannot alone cover the scale of infrastructure need; the same is true for almost any other State DOT. The HTF ensures that state and local governments have the predictable, multi-year funding needed to plan, build, and complete major projects on time.

In North Carolina, HTF support translates to tens of thousands of construction, engineering, and manufacturing jobs annually. And these funds supported thousands of jobs on projects such as the I-26 widening in western NC, I-95 modernization, and numerous bridge replacement projects across the state.

Furthermore, better roads reduce shipping delays, lower transportation costs for goods and services, and attract commercial investment and manufacturing growth. Areas like the Research Triangle and Charlotte metro have seen booming tech, financial, and logistics industries—sectors that rely heavily on an efficient road network. Road construction funded by the HTF also strengthens the state's agriculture sector, which remains one of the largest in the nation. Understanding the local impacts are critical, and as in any other state, North Carolina cannot continue to grow without HTF support.

WHY WE NEED A FULLY FUNDED HIGHWAY TRUST FUND FOR THE FUTURE

Despite recent federal investments through IJJA, America still faces a \$1.2 trillion infrastructure funding gap through 2039, according to the American Society of Civil Engineers. More than 40% of the nation's roads are in poor or mediocre condition, and one in three bridges needs repair or replacement. Congestion on major urban

⁶https://www.fhwa.dot.gov/policy/otps/TPS_2020_Trends_Report.pdf

highways is worsening, costing drivers billions of dollars in lost productivity and fuel annually. Meanwhile, rural and tribal communities continue to lack sufficient connectivity altogether—roads constructed 80 years ago are still the same singular connector despite dramatic increases to population and traffic. The HTF is the only mechanism capable of delivering stable, equitable, and long-term funding to address this national crisis, with local impacts in North Carolina communities and across the country. While IJJA supplied historic investments into highway construction and maintenance, the purpose of the HTF is to ensure continuity and certainty of funding over the longer term.

Fred Smith Company understands this pressing need, as North Carolina's population is projected to grow by nearly 3 million people in the next 25 years, and the state's highway system must be ready to meet this demand. Major HTF-funded initiatives like the I-540 Southeast Extension in Wake County, the US-70 improvements in eastern North Carolina, and the future I-87 corridor are all examples of how long-term, federally supported planning is helping prepare for the state's future needs. Moreover, road construction today increasingly incorporates resilience to changing weather events—designing roads to withstand heavier rainfall, flooding, heat, and major natural disasters that weren't anticipated in decades past. The HTF enables North Carolina to invest in modern engineering practices that protect communities and ensure the longevity of infrastructure investments.

As North Carolina is trying to satisfy the future needs of our growing state, we are also dealing with the effects of Hurricane Helene, which devastated the western part of our state last fall. Helene has significantly impacted the financial position of our NCDOT, which is projecting the total cost of repairs caused by the hurricane to our transportation network to approach \$5 billion. In most cases, the state will pay for these repairs as they are performed and then must wait for partial reimbursement from the Federal government. The non-reimbursed costs as well as the cash outlay will deplete state funds slated for maintenance of roads and bridges and will cause delays to these programs. The funding impact is expected to last four years, directly affecting and delaying other infrastructure projects in the state. We need the Federal dollars now more than ever, and that translates to real impacts on not just our p

HTF SOLVENCY HELPS IMPROVE WORK ZONE SAFETY

While we've outlined impacts and user fee options, I want to share what HTF solvency means for a core focus within the asphalt industry—safety. I'd love to build these HTF-backed projects, but doing so along major roadway corridors comes with risks, and the asphalt contractor plays a critical role in the project delivery of a new or reconstructed roadway. Last week was National Work Zone Awareness Week, meant to encourage safe driving through work zones. According to FHWA, each year about 100 road workers lose their lives in work zones and roughly half of those fatalities involve being struck by a vehicle⁷. We need to make sure funding is available to provide the most effective traffic control measures available to ensure the safety of these men and women. HTF ensures that FHWA and State DOTs have resources to support work zone safety improvements, including bipartisan programs like the Work Zone Safety Contingency Funds (WZSCF) to allow for funding flexibilities to deploy proven technologies that protect workers and drivers alike.

The hard-working members of the heavy highway construction industry are indispensable. We have a very skilled workforce that constructs very complex projects, often in very challenging conditions and dynamic work sites. In North Carolina, our workforce has many options for employment, and we constantly are competing for top talent with other industries. If our industry were to lose some of its talent due to a slowdown in work, we may not get them back. If the highway workforce shrinks, it will lead to slower project delivery and higher costs. All outcomes directly attributable to the financial health of the HTF and the asphalt industry can help us see those dollars are executed responsibly.

HOW THE ASPHALT INDUSTRY HELPS SAVED HTF DOLLARS

I also want to highlight how the asphalt industry is doing everything in its power to stretch federal resources as far as possible. Some of you may not know, but asphalt is the most recycled product in the country. Our pavements are fully recyclable into new pavements, meaning we can exponentially increase the life natural resources, delivering quality roads at lower costs. Annually, more than 90 million tons of reclaimed asphalt pavement (RAP) are deployed throughout the national roadway

⁷ <https://workzonesafety.org/work-zone-data/>

network, saving State DOTs more than \$3 billion⁸. Using RAP saves dramatically on virgin material costs—aggregates and asphalt binder—while exceeding performance specs for normal road usage. We encourage the Committee to consider working with FHWA and State DOT partners to expand the use of RAP to leverage federal resources responsibly. While the national average use of RAP stands at around 21%⁹, we have the capacity and willingness to do more—saving precious taxpayer dollars in the process.

CONCLUSION

I am encouraged by the discussion and perspectives shared by my colleagues on the witness panel, and I thank you for taking HTF solvency seriously in the next highway reauthorization package. As you have heard from my testimony, we can't discuss the critical road and highway projects, policies, and programs facing our national roadway network unless we first adequately address the financial solvency of the HTF. It is essential to the work the Fred Smith Company proudly delivers to North Carolina's citizens throughout the state. It allows our NCDOT to implement the big projects needed to maintain our local economies and ultimately advance our national economic competitiveness. We need the HTF, and we need it to work properly. I look forward to sharing the asphalt industry's positive impact in connection with the great people our industry employs and the critical road projects we pave. Thank you for the invitation this morning and I look forward to answering your questions.

ATTACHMENT

OCTOBER 18, 2023.

The Honorable SAM GRAVES,
Chairman of the House Transportation and Infrastructure Committee,
1135 Longworth House Office Building, Washington, DC 20515.

The Honorable RICK LARSEN,
Ranking Member of the House Transportation and Infrastructure Committee,
2163 Rayburn House Office Building, Washington, DC 20515.

DEAR CHAIRMAN GRAVES AND RANKING MEMBER LARSEN:

Thank you for today's hearing examining the financial solvency of the Highway Trust Fund (HTF) and potential solutions, including the creation and implementation of a national vehicle miles traveled (VMT) program, titled *"Running on Empty: The Highway Trust Fund"*. The undersigned organizations represent a diverse set of transportation stakeholders, all of whom support augmenting the current HTF user-fee system to ensure financial solvency ahead of the next multi-year surface transportation reauthorization law.

HTF revenues have long struggled to meet increasing infrastructure investment needs. Federal motor fuels taxes have remained stagnant since 1993, with the prospects of an increase dim. Instead, Congress has chosen to provide General Fund and other transfers to keep the HTF solvent, totaling \$275 billion since 2008. The Congressional Budget Office estimates that the HTF will require another \$150 billion in revenues to pay for continued spending at baseline levels from 2027–2031, not including additional resources that will be necessary to maintain advance appropriations investments included in the Infrastructure Investment and Jobs Act (IIJA). Congress must consider a long-term solution to ensure HTF viability and the future health of our surface transportation system, while maintaining the user fee principle upon which the HTF is founded. A VMT or mileage-based user fee to replace all current motor fuel taxes and fees can certainly be a potential solution, and work has been underway to explore feasibility.

Congress has created programs to explore alternatives to the gas tax, like 2016's Surface Transportation System Funding Alternatives (STSFA) Program, which has provided \$73.7 million to 37 projects in states across the nation to assist with the design, implementation, and acceptance of user-based systems, such as a vehicle mileage-based user fee.

While these programs have been invaluable to better understand this user system and areas of improvement, there is more immediate work that needs to occur in order to realize VMT potential and broader implementation. Under IIJA, Congress

⁸ https://www.asphaltpavement.org/uploads/documents/Sustainability/NAPA_RAP_Benefits_for_Pavement_Owners_1121.pdf

⁹ https://www.asphaltpavement.org/uploads/documents/IS138-2021_RAP-RAS-WMA_Survey_508_-_WITH_APPENDICES.pdf

required the Department of Transportation (DOT) to establish a national pilot to “test the design, acceptance, implementation, and financial sustainability” of a VMT system.¹ It requires the creation of a Federal System Funding Alternative Advisory Board that will provide an annual report to Congress and ultimately create recommendations for a possible permanent VMT program. We urge DOT to convene this panel as quickly as possible and utilize the \$50 million over 5 years authorized under IIJA.

A national VMT pilot program will provide valuable lessons and identify several important factors for the successful implementation of a permanent, truly user-based VMT program. Getting this information now and leveraging Congress’s oversight function to ensure a national VMT program is successful will help in answering the toughest question facing the next surface transportation authorization: how do we fix the HTF?

Thank you again for this important hearing and we look forward to working with you and your staff to ensure we secure the information needed to support a comprehensive national VMT program ahead of the next surface transportation reauthorization package.

Sincerely,

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS.
 AMERICAN CONCRETE PAVEMENT ASSOCIATION.
 AMERICAN CONCRETE PIPE ASSOCIATION.
 AMERICAN COUNCIL OF ENGINEERING COMPANIES.
 AMERICAN INSTITUTE OF STEEL CONSTRUCTION.
 AMERICAN IRON AND STEEL INSTITUTE.
 AMERICAN ROAD & TRANSPORTATION BUILDERS ASSOCIATION.
 AMERICAN SOCIETY OF CIVIL ENGINEERS.
 AMERICAN TRAFFIC SAFETY SERVICES ASSOCIATION.
 ASSOCIATED GENERAL CONTRACTORS OF AMERICA.
 ASSOCIATED EQUIPMENT DISTRIBUTORS.
 ASSOCIATION OF AMERICAN RAILROADS.
 ASSOCIATION OF EQUIPMENT MANUFACTURERS.
 CONCRETE REINFORCING STEEL INSTITUTE.
 CRH.
 FP², FORMERLY THE FOUNDATION FOR PAVEMENT PRESERVATION.
 GRANITE CONSTRUCTION.
 MARYLAND ASPHALT ASSOCIATION.
 NATIONAL ASPHALT PAVEMENT ASSOCIATION.
 NATIONAL READY MIXED CONCRETE ASSOCIATION.
 NATIONAL STONE, SAND & GRAVEL ASSOCIATION.
 NATIONAL STEEL BRIDGE ALLIANCE.
 OHIO CONTRACTORS ASSOCIATION.
 PORTLAND CEMENT ASSOCIATION.

CC: House Ways and Means Committee Chairman Smith and Ranking Member Neal
 Senate Environment and Public Works Committee Chairman Carper and Ranking Member Capito
 Senate Finance Committee Chairman Wyden and Ranking Member Crapo

Mr. ROUZER. Mr. Davis, you are recognized.

TESTIMONY OF JEFF DAVIS, SENIOR FELLOW, ENO CENTER FOR TRANSPORTATION

Mr. DAVIS. Chairman Rouzer, Ranking Members Norton and Larsen, and members of the subcommittee, my name is Jeff Davis. I am a senior fellow at the Eno Center for Transportation, a non-partisan think tank founded by traffic pioneer William Phelps Eno in 1921 to carry on his work increasing the safety and flow rate of vehicular traffic.

We are a 501(c)(3) nonprofit that now studies all modes of transportation up and down the Federalist chain of Government.

¹ ENO Report—<https://enotrans.org/eno-resources/driving-change-advice-for-the-national-vmt-fee-pilot/>

Established in 1956, the Highway Trust Fund is part of the “user-pay, user-benefit” tax principle. Simply put, the Federal budget is kept in two separate books. All spending accounts are kept in one book. All receipt accounts are kept in a separate book. The sum totals of the two books get compared to determine the Federal deficit or surplus.

A Federal trust fund account is a bridge between the two books, a way of linking receipt accounts with specific taxes on certain groups with spending accounts that benefit those groups over a long period of years. It is a visibility exercise, not a fiduciary relationship.

Simply put, the first 50 years of the Highway Trust Fund worked well. It raised the \$676 billion in taxes on highway users and spent the same amount, plus \$7 billion in interest, building the interstate system and meeting other road, bridge, and transit needs.

Since 2007, however, things have been out of balance. Spending was 28 percent higher than tax receipts, necessitating \$275 billion in bailout transfers, almost all from the General Fund.

This happened for three reasons: a slowdown in the rate at which total driving increased year to year, a slow increase in automotive fuel efficiency, and a political system that keeps increasing trust fund spending each year without regard to revenue levels.

The problem on the spending side has been more acute lately since the enactment of the Bipartisan Infrastructure Law. Trust fund tax receipts in 2024 were almost \$1 billion less than 3 years prior, while trust fund spending increased by \$17 billion over that same period.

In the future, things get worse, as chart 1 from my testimony will show. This shows—the columns, the vertical columns, are tax revenues for the trust fund, and then the green ones on top are the General Fund bailouts and the year they get spent, and then the red line is spending.

You can see that CBO projections at the current rates of spending levels, the trust fund will run out of money again in mid-2028. And after that, the immediate revenue gap will be around \$40 billion a year, rising to \$50 billion a year by 2035, or \$340 billion over that period cumulative.

Put another way, only 60 cents out of every dollar paid out of the trust fund last year came from highway user taxes. The rest came from some other kind of General Fund subsidy or transfer. In about 2030 or 2031, we fall below the 50-percent mark, 50 cents on the dollar. And by 2035, CBO says trust fund taxes will only support 43 cents out of every dollar of outlays.

Now, make no mistake, the trust fund didn’t go broke because of electric vehicles, but the rate of EV adoption controls the rate at which motor fuel tax receipts will continue to decline in the future.

If Congress decides they want to continue the user-pay system—and they should consider that question—revenues and spending need to be aligned.

At present, three of the five Highway Trust Fund excise taxes tax the extent of highway system use. Gasoline, diesel, and heavy truck tires are all proxies for road mileage.

The other two taxes on trucks don't measure the extent of road use, the 12-percent sales tax and the Heavy Vehicle Use Tax annually. They are more system access charges.

So in terms of taxes that measure road usage, so far, there doesn't appear to be the willingness in the political system to increase motor fuel taxes. And while Congress has encouraged research into a national mileage fee, the implementation cost and complexity of such a fee probably mean that it wouldn't be practical to get it done in time for the next reauthorization bill. That leaves taxing road access, the potential for road use, instead of the extent of actual road use.

The committee apparently released this morning a national vehicle registration fee proposal it will consider tomorrow focused on, first, electric vehicles and hybrids and eventually expanding to all motor vehicles.

Although such fees do not fully measure system use, they are as consistent with the user-pay system as either of the two current truck taxes are. But, again, remember how big the problem is. We are only 60 percent self-sufficient right now, dropping below 50 percent in 2030 or 2031.

In terms of dollars, just remember one figure: \$42 to \$43 billion a year of revenue at most forever versus 80-some billion dollars in receipts by the time the IIJA—in spending—by the time the IIJA is done. You have either got to bring the \$41 or \$42 billion line up or the \$80 billion line down, or some combination, and that means that you either double revenues or else cut spending by the end of this bill.

My back of the envelope calculations say that the EV fee, while it is significant, wouldn't come close to actually closing the amount of revenue that you need to get another 5-year bill.

This concludes my testimony. I would be happy to answer any questions.

[Mr. Davis' prepared statement follows:]

Prepared Statement of Jeff Davis, Senior Fellow, Eno Center for Transportation

Chairman Rouzer, Ranking Member Norton, and members of the Subcommittee, my name is Jeff Davis and I am a Senior Fellow at the Eno Center for Transportation, a nonpartisan think tank founded by traffic pioneer William Phelps Eno in 1921 to carry on his work increasing the safety and flow rate of vehicular traffic. We are a 501(c)(3) nonprofit organization that now studies all modes of transportation up and down the federalist chain of government. I have been studying the Highway Trust Fund since 1996, and I wrote my first article predicting a future Trust Fund insolvency crisis back in February 2006.

WHAT IS THE HIGHWAY TRUST FUND?

Established in 1956, the Highway Trust Fund is part of the “user-pay, user-benefit” tax principle which has dominated state transportation funding since the early 20th century and which was first adopted by the federal government after World War II. Federal aviation (1970), inland waterway (1978), and harbor maintenance (1986) programs have since been put on the user-pay system with their own trust funds.¹

¹See my testimony [<https://docs.house.gov/meetings/PW/PW12/20231018/116425/HHRG-118-PW12-Wstate-DavisJ-20231018.pdf>] before this subcommittee on October 18, 2023, for a full history of the user-pay paradigm.

Simply put, the federal budget is kept in two separate books. All spending accounts are kept in one book, and all receipt accounts are kept in a separate book. The sum totals of the two books are compared on a daily, monthly, and annual basis to determine the federal deficit or surplus.

A federal trust fund account is a bridge between the two books—a way of linking receipt accounts from specific taxes on certain groups with spending accounts that benefit those groups, over a long period of years. It is a visibility exercise, not a fiduciary relationship.

HOW HAS THE HIGHWAY TRUST FUND PERFORMED?

For the first 50 years of its existence, the Highway Trust Fund worked according to plan. During that period, total user tax receipts on gasoline, diesel fuel, and the trucking industry were \$676 billion, only \$7 billion less than highway (and later, mass transit) outlays, which was more than made up for by interest earned on balances.² But since then, Trust Fund spending has exceeded user tax receipts by \$208 billion, far more than interest can compensate for, which has necessitated over \$275 billion in special bailout transfers from the General Fund, the last of which was in the 2021 infrastructure law and will keep the Trust Fund solvent into 2028. (A complete list of those transfers is in Appendix A of this testimony.)

Table 1

HTF: The First 50 Years (1957–2006)	The HTF Since Then (2007–2024)
Net user tax receipts: \$676.0 billion	Net user tax receipts: \$724.5 billion
Outlays: \$682.6 billion (101% of net user tax receipts)	Outlays: \$932.2 billion (128% of net user tax receipts)
Interest/Fines: \$30.1 billion	Interest/Fines: \$17.8 billion
Special Bailout Transfers: net zero (on two occasions, short-term loans by GF to HTF were made and then repaid with interest)	Special Bailout Transfers: \$275.5 billion

Why has this happened? Three reasons.

1. That total amount that people drive doesn't increase as fast as it used to. For the first 50 years of the Trust Fund, the total amount of driving in the U.S., measured in vehicle miles-traveled (VMT), increased by an average of 3.2 percent per year, enough to keep pace with inflation in many years. Since 2007 the increase has only averaged a half-percent per year.
2. Starting in the mid-1970s, vehicles got more fuel-efficient, rendering a cents-per-gallon tax an ever-worsening proxy for a tax on driving. The number of gallons of motor fuel taxed each year increased by an average 2.6 percent for the first 50 years, but now only increases by an average 0.3 percent per year.
3. The political system has been unwilling to increase tax rates to keep pace with increasing Trust Fund spending or to restrain spending to stay in line with Trust Fund tax receipts. Over the first 50 years, Congress acted four times to increase the gasoline tax rate, from 3 cents per gallon to 18.3 cents per gallon, which helped counteract lost buying power due to inflation. But that last increase was in 1993.

²The payment of interest from the General Fund to a trust fund account is another kind of subsidy, but it is widely accepted and dates back at least to the establishment of the Unemployment and Social Security Trust Funds in the 1930s, so this committee is probably not the place to reargue the concept.

Table 2

HTF: The First 50 Years (1957–2006)	The HTF Since Then (2007–now)
VMT increases an average 3.2%/year	VMT increases an average of 0.5%/year
Taxed gallons of motor fuel increased by an average of 2.6%/year	Taxed gallons of motor fuel increased by an average of 0.3%/year
Tax rates were increased so that the gasoline tax rate in 2006 (18.3¢/gal.) was 6.1 times the rate in 1957 (3.0¢/gal.)	The present 18.3¢/gal. gasoline tax rate is the same as it was in 2007, having not been increased since 1993

The gasoline tax is the largest, but not the only, excise tax on highway users that supports the Trust Fund. There are currently five such excise taxes, which collectively raised \$42.5 billion in fiscal year 2024. The gasoline tax raised 58 percent of that total.

Table 3
The Five Highway Trust Fund Excise Taxes on Highway Users

Tax on	IRC Section	Tax Rate	FY 2024 Net Receipts
Gasoline and gasohol	4081	18.3¢/gallon	\$24.771 billion
Diesel and special fuels	4041	24.3¢/gallon	\$9.456 billion
Sale of new trucks/trailers	4051	12% of MSRP	\$6.055 billion
Use of very heavy trucks	4481	Weight-based; up to \$550/year	\$1.460 billion
Tires for heavy trucks/buses	4071	Weight-based; up to \$75 per tire	\$748 million
			FY24 TOTAL
			\$42.489 BILLION

Revenue stagnation is only half of the problem. The bigger problem of late is on the spending side, which keeps increasing to cover system costs and construction inflation. Fiscal year 2024 was the year when the big spending increases from the IIJA finally showed up in terms of Trust Fund cash flow. Outlays went from \$60 billion in 2023 to \$70 billion in 2024, and the baseline predicts that outlays will cross the \$80 billion per year mark in 2027 or 2028. Meanwhile, at current tax rates, receipts will either remain flat at around \$43 billion per year or else decrease steadily, depending on the adoption rate of electric vehicles into fleets and other fuel economy developments.

Table 4
The Last Ten Years of Highway Trust Fund Cash Flow (Billion \$)

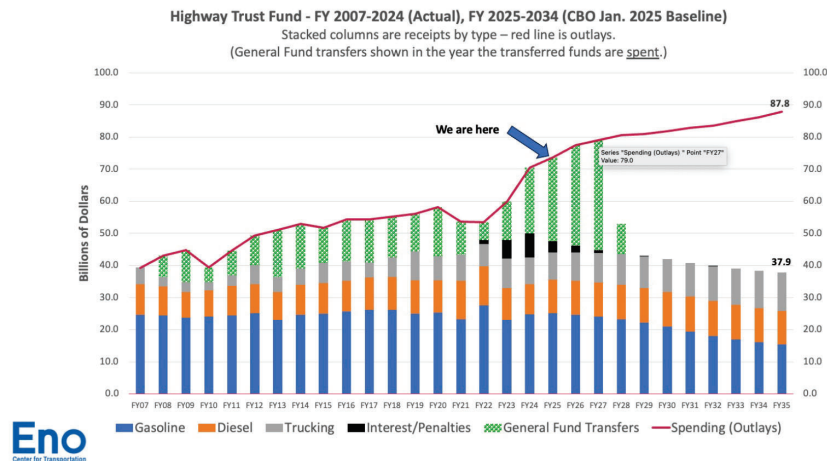
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Net Tax Receipts	40.8	41.2	41.0	42.6	43.6	42.4	43.4	46.6	42.1	42.5
Outlays	51.8	54.3	54.4	55.2	56.1	58.2	53.7	53.6	60.1	70.6

WHAT DO FUTURE HIGHWAY TRUST FUND PROJECTIONS LOOK LIKE?

Looking forward, the Congressional Budget Office's January 2025 baseline projections say that, under current law tax rates and spending levels (with discretionary inflation), the Trust Fund will go from a \$28 billion user-pay deficit last year to a \$50 billion user-pay deficit a decade from now, in 2035.

Put another way, last year, only 60 cents of every dollar paid out of the Trust Fund came from highway user taxes—the rest came from some kind of General Fund subsidy or transfer. In 2030 or 2031, CBO projects we will drop below the 50 cents-on-the-dollar threshold, and by 2035, highway user taxes at current rates will only support 43 cents of every dollar of Trust Fund outlays.

Chart 1



See Appendix B of this written testimony for all of the numerical detail on the latest CBO baseline.

(A note on baselines: the next CBO baseline update, this spring or summer, will look somewhat different. The spending line will be at least \$1 billion per year higher because the January baseline was constructed while USDOT was operating under the half-year continuing resolution, so FY 2025 spending was held at the FY 2024 total and all subsequent years reflected that. The subsequent enactment of a full-year funding bill increases Trust Fund spending obligations by \$1.3 billion in 2025 and that number will be inflated for subsequent years in the next baseline. But on the revenue side, things should improve, because the Trump Administration has taken formal steps to pull back EPA and USDOT greenhouse gas emission and fuel economy regulations that CBO had previously assumed would significantly increase market penetration of electric and plug-in hybrid vehicles.)

Sometime in 2028, probably spring or early summer, the Trust Fund is scheduled to run out of money again. At current law spending levels and tax receipt projections, this means that Congress will have to start bridging a Trust Fund revenue gap of around \$40 billion per year, either through increased revenues, decreased spending, or additional bailouts from the General Fund. That annual gap would rise to \$50 billion by 2035 (a cumulative \$340 billion).

HOW DO ELECTRIC VEHICLES AFFECT TRUST FUND FINANCES?

Electric cars, pickup trucks, and vans are not subject to any current Highway Trust Fund excise taxes. But make no mistake—the *Highway Trust Fund's current dire financial situation was not caused by electric vehicles*. The current insolvency crisis began in the fall of 2008—just as the first few dozen handmade Tesla Roadsters were being delivered. And only 1 million hybrid-electric vehicles had been sold by the end of 2007, out of 136 million registered automobiles that year. EVs and hybrids did not cause the Highway Trust Fund to go broke.

However, unless tax rates are changed, the rate of EV adoption controls the rate of change of the revenue half of the Trust Fund's future fiscal imbalance.

At present, EV adoption is accelerating, and the latest official projections have that rate increasing in the future. The Energy Department's latest official outlook assumes that the tax credits and strong regulatory incentives for EV adoption enacted in the last Administration will remain in place:

Table 5

Energy Department Projections for EV/Hybrid Composition of US Light-Duty Vehicle Fleet

Million light-duty vehicles. Assumes all Biden-era tax credits and regulations remain in place.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Electric	4.8	6.9	10.0	13.8	18.2	23.0	28.7	34.9	41.6	48.4	55.1	61.6
Plug-In Hybrid	1.4	1.9	2.5	3.2	3.8	4.6	5.4	6.3	7.4	8.3	9.3	10.2
Regular Hy- brid	7.7	8.8	9.9	10.8	11.5	12.3	13.0	13.7	14.3	15.1	15.8	16.6
ICE	251.5	249.0	246.0	242.4	237.8	232.1	225.5	217.9	209.4	200.8	192.4	184.2
Total	265.4	266.6	268.4	270.1	271.2	272.0	272.6	272.7	272.7	272.6	272.5	272.4

Source: Energy Information Administration, Annual Energy Outlook 2025, Table 39, Reference Case

CBO used similar assumptions for EV and hybrid adoption in its January baseline, which showed relatively flat VMT growth combined with the above EV/hybrid adoption rates to drag gasoline tax receipts from \$25 billion per year to \$15 billion per year over a decade:

Table 6

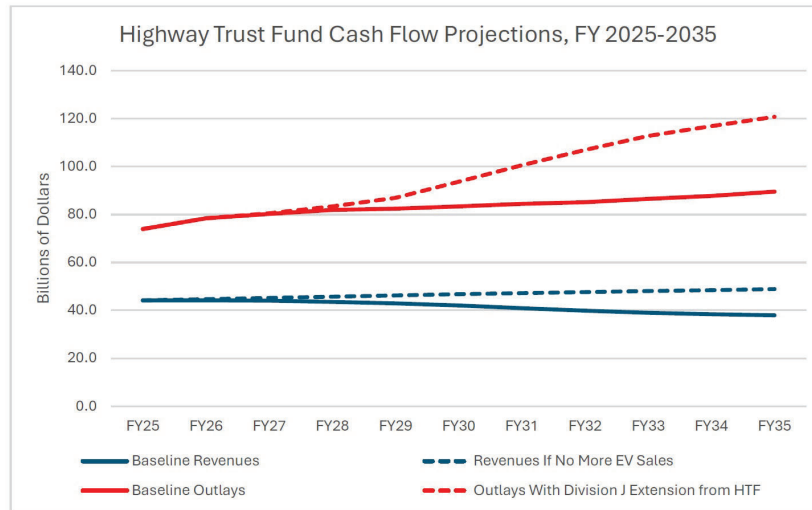
CBO January 2025 Baseline Forecast for Net Gasoline Tax Receipts to HTF (Billion \$\$)

FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
24.8	25.1	24.7	24.1	23.2	22.2	20.9	19.4	18.1	17.0	16.1	15.3

But even if consumers were to abruptly stop buying electric vehicles entirely, Congress would still face a gigantic Highway Trust Fund revenue hole. Remember: VMT doesn't increase like it used to, and is projected to only increase by 0.4 percent per year from now on (light duty vehicles only), meaning that gasoline tax receipts can't grow faster than that unless the tax rate is increased or people start buying more gas guzzlers.

The chart below shows two Trust Fund revenue scenarios and two Trust Fund spending scenarios. The solid lines are the January 2025 CBO baseline, with spending adjusted for the full-year FY25 totals. The revenue baseline assumes all current law tax credits and policies to promote EV adoption will continue. The alternative revenue scenario assumes that EVs stop selling, causing gasoline tax receipts to increase at 0.5 percent per year. The alternative spending scenario extends all IIJA Division J appropriations for surface transportation modes at baseline levels, but with that new spending supported by the Trust Fund, instead of the General Fund.

Chart 2



With heavy (baseline) EV market penetration, the Trust Fund's revenue hole with baseline spending is around \$50 billion a decade from now. If you stop selling EVs entirely, the revenue hole would still be around \$40 billion in 2035.

WHAT CAN BE DONE TO REMEDY THIS SITUATION?

First, Congress has to take a long, hard look and ask, do we want to continue the user-pay, user-benefit paradigm here? If so, it should be strengthened, with the Trust Fund made solvent by a combination of surface transportation user taxes and spending cuts. If not, then any combination of real general revenues can be used to plug the hold in the Trust Fund, or you could get rid of the Trust Fund entirely and go to a blend of annual appropriations and multi-year advance appropriations out of the General Fund.

However, the title of this hearing is "The Need for a Long-Term Solution for the Highway Trust Fund," so we will take Trust Fund abolition off the table for now.

THE REVENUE SIDE

At present, three of the five Highway Trust Fund excise taxes attempt to tax the extent of highway system use. The gasoline, diesel fuel, and heavy truck tire tax are all proxies for taxing road mileage—the more miles driven by an internal combustion engine (ICE) vehicle, the more gallons of gasoline or diesel fuel the operator purchases, and the more the tires on a tractor-trailer have to be replaced. None of these is a perfect proxy for VMT, but the degree of highway use contributes greatly to the amount of taxes paid.

The other two taxes do not measure the extent of road use. The 12 percent federal excise tax on new trucks, tractors, and trailers is only levied once, at the manufacturer, and the annual usage tax on the heaviest trucks is only levied once per year. For these "highway access" taxes, the degree of highway use is irrelevant to the amount of tax paid.

In terms of taxes that measure road usage, there does not appear to be the willingness in the current political system to increase motor fuel taxes. While Congress, in the 2015 and 2021 reauthorization laws, has encouraged research into a mileage fee or road user charge that would eventually replace motor fuel taxes, the 50-state pilot program funded mandated by the 2021 authorization law, which was supposed to be complete by now, has still not moved forward. The implementation costs and complexity of a national VMT fee/RUC are such that it probably would not be practical to implement in time for the next reauthorization bill, even if the political will-power were there.

That leaves taxing road access—the potential for road use—instead of the extent of actual road use. In order to access the road network, you need a vehicle and a license. Levying a tax or fee on either one of those would be a tax on road system

access similar to the existing truck Federal Excise Tax (FET) or Heavy Vehicle Use Tax (HVUT).

There has been much discussion of some kind of federal tax or fee on electric vehicles simply because they currently pay nothing into the federal Highway Trust Fund. Several states have taken steps to levy EV fees for deposit into their road funds.

In terms of what the average ICE vehicle pays in fuel taxes, here is the latest data from the Federal Highway Administration.

Table 7
Latest FHWA Vehicle Operation Statistics for Light-Duty Vehicles (2023)

	Light-Duty		
	Short WB	Long WB	Total
Number of Reg. Vehicles	197,134,299	62,103,995	259,238,294
Avg. VMT per Vehicle	11,026	11,360	11,106
Fuel Consumed per Vehicle (Gal.)	447	633	492
Times 18.3 Cents per Gallon	\$81.80	\$115.84	\$90.04

Source: FHWA, Highway Statistics 2023, Table VM-1. "Short WB" = wheelbase of 121 inches or less. "Long WB" = wheelbase over 121 inches.

Per the latest Federal Highway Administration data (Table VM-1 in Highway Statistics 2023), the average fuel consumption per registered light-duty vehicle in 2023 was 492 gallons. Multiply that by the current gasoline tax rate of 18.3 cents per gallon and you get a ballpark number of \$90 per year that an EV driven the average amount should pay into the Trust Fund, were EVs to be taxed in the same amount as an internal combustion vehicle.

However, that is the mean (average) amount—total registered vehicles divided by total estimated VMT and gallons. There are more registered cars than registered drivers, so the miles on a driver's "main" vehicle will be higher.

If one assumed a \$90 per EV federal registration fee, then using the Energy Department's EV adoption assumptions from Table 5, above, the \$90 EV fee would bring in \$900 million in 2026, rising to \$5.5 billion in 2035. Higher fees would bring in more money, as would any fees charged on hybrid vehicles. (The assumed EV adoption rates in Table 5 will probably shrink in next year's Outlook as the Trump Administration rolls back GHG regulations and if Congress enacts policies less friendly to EVs.)

THE SPENDING SIDE

In recent years, spending out of the Trust Fund has been increasing at a faster rate than tax revenues have been decreasing. Inexorable spending growth, along with static revenues, got us to where we are today, with highway user taxes only supporting 60 cents out of every dollar spent by the Trust Fund. As I mentioned earlier, at the current rates we will drop below the 50 cents on the dollar mark in 2030 or 2031. (\$41 or \$42 billion in user tax receipts versus \$82 to \$83 billion in outlays.)

This means that unless you cut spending, you have to double revenues from somewhere or else have more general fund bailouts.

There used to be a widespread belief among many legislators that if you could just cut back the "non-essential" or "non-traditional" elements of Trust Fund spending, that the Trust Fund could once again live within its means without tax increases. These legislators tended to be from districts who got minimal value out of the Mass Transit Account.

This attitude may have been mathematically valid once, but no longer. The following table shows the contract authority provided by the IIJA for the Federal Highway Administration in 2026, by program.

Assume that Congress throws the Federal Transit Administration, the National Highway Traffic Safety Administration, and the Federal Motor Carrier Safety Administration completely out of the Highway Trust Fund, immediately. And then Congress goes down the FHWA budget and throws out all of the "non-traditional" items—no more transportation alternatives, carbon reduction, CMAQ, EV charging, metropolitan planning, emission reduction grants, climate change resilience, pilot programs, none of it—just "traditional" concrete, asphalt, and steel. That still leaves

new FHWA contract authority around \$9.5 billion above all of the projected highway user tax receipts for that year:

Table 8

Reducing HTF Spending Down to "Core" Highway Programs Only: FY 2026			
<i>(Million \$\$)</i>	IUA FY 2026	Remove	Remaining
	Enacted C.A.	"Non-Traditional"	Enacted C.A.
Federal Highway Administration			
Formula Programs			
National Highway Performance Program	30,783.8		30,783.8
Surface Transpo. Block Grant Program	13,478.3		13,478.3
Transportation Alternatives	1,497.6	-1,497.6	0.0
Highway Safety Improvement Program	3,245.9		3,245.9
Rail-Highway Grade Crossing Program	245.0	-245.0	0.0
Congestion Mitigation & Air Quality	2,745.6	-2,745.6	0.0
Metropolitan Planning	474.2	-474.2	0.0
National Highway Freight Program	1,487.2		1,487.2
Carbon Reduction Program	1,335.3	-1,335.3	0.0
PROTECT Resiliency Grants (Formula)	1,518.4	-1,518.4	0.0
Ferry Boats and Terminal Facilities	118.0	-118.0	0.0
Non-Formula Programs			
SAFETEA-LU Allocated Safety Set-Aside	3.5	-3.5	0.0
TIFIA Credit Subsidies	250.0		250.0
Tribal Transportation Program	628.0		628.0
Federal Lands Transportation Program	456.0		456.0
Federal Lands Access Program	309.0		309.0
Territorial & Puerto Rico Highway Program	237.0		237.0
INFRA Grants (Nat. Signifc. Freight/Hwy.)	900.0		900.0
FHWA Administrative Expenses	531.4		531.4
Discretionary Bridge Program	700.0		700.0
Congestion Relief Program	50.0	-50.0	0.0
Charging and Alt-Fuel Refueling Grants	700.0	-700.0	0.0
Rural Surface Transportation Grants	500.0		500.0
PROTECT Resiliency Grants (Competitive)	300.0	-300.0	0.0
Reduce Truck Emissions at Port Facilities	50.0	-50.0	0.0
Nat. Signif. Fed. Lands and Tribal Projects	55.0		55.0
Highway Research, ITS, and BTS	502.0		502.0
Wildlife Crossings Pilot Program	80.0	-80.0	0.0
Prioritization Process Pilot Program	10.0	-10.0	0.0
Reconnecting Communities Pilot Program	105.0	-105.0	0.0
Emergency Relief (Statutory 23 U.S.C. 125)	100.0		100.0
Total Contract Authority, FHWA	63,396.1	-9,232.6	54,163.5
Eliminate NHPP/STBGP/HSIP "Flex" to Transit*		-466.3	53,697.2
CBO January 2025 Baseline Estimates for			
FY 2026 HTF Tax Receipts From:			
18.3 cpg gasoline and gasoline blendstocks	24,680.0		24,680.0
24.3 cpg highway diesel fuels	10,437.0		10,437.0
Other motor fuels	124.0		124.0
12% New truck-tractor-trailer sales tax	6,510.0		6,510.0
Heavy tire tax	778.0		778.0
Heavy Vehicle Use Tax	1,644.0		1,644.0
Total HTF Tax Receipts (Highway & Transit Accounts)	44,173.0		44,173.0
NEW SPENDING EXCEEDS USER TAX RECEIPTS BY:	19,223.1		9,524.2

*7-year average flex transfers from these programs, from Table 5-1 in National Cooperative Highway Research Program Research Report 1023

This is not meant as a criticism of mass transit or of non-traditional Trust Fund spending, only that this once-commonly held idea is no longer valid because of the recent rate of overall spending growth. I am merely pointing out that fixing the spending side of the Highway Trust Fund imbalance is just as important as fixing the revenue side imbalance, but tends to get less attention.

This concludes my testimony, and I would be happy to answer any questions.

APPENDIX A

Special Transfers to the Highway Trust Fund by Acts of Congress

Special General Fund Transfers to the Highway Trust Fund, 2008 to Present

(Billions of Dollars - Showing the Effects of Joint Committee Sequestration in FY 2014)

Public Law	Enacted	Effective	Highway Account			Mass Transit Account			HTF
			Enacted	Sequest.	Net Total	Enacted	Sequest.	Net Total	Net Total
PL 110-318	9/15/08	9/15/08	8.017		8.017	0.000		0.000	8.017
PL 111-46	8/7/09	8/7/09	7.000		7.000	0.000		0.000	7.000
PL 111-147	3/18/10	3/8/10	14.700		14.700	4.800		4.800	19.500
PL 112-141	7/6/12	10/1/12	6.200		6.200	0.000		0.000	6.200
PL 112-141	7/6/12	10/1/13	10.400	-0.749	9.651	2.200	-0.158	2.042	11.693
PL 113-159	8/8/14	8/8/14	7.765		7.765	2.000		2.000	9.765
P.L. 114-41	7/31/15	7/31/15	6.068		6.068	2.000		2.000	8.068
P.L. 114-94	12/4/15	12/4/15	51.900		51.900	18.100		18.100	70.000
P.L. 116-159	10/1/20	10/1/20	10.400		10.400	3.200		3.200	13.600
P.L. 117-58	11/15/21	11/15/21	90.000		90.000	28.000		28.000	118.000
Total, GF to HTF			212.450	-0.749	211.701	60.300	-0.158	60.142	271.843

Leaking Underground Storage Tank Trust Fund Transfers to the Highway Trust Fund

(Billions of Dollars - Showing the Effects of Joint Committee Sequestration in FY17 and FY18)

Public Law	Enacted	Effective	Highway Account			Mass Transit Account			HTF
			Enacted	Sequest.	Net Total	Enacted	Sequest.	Net Total	Net Total
PL 112-141	7/6/12	7/6/12	2.400		2.400	0.000		0.000	2.400
PL 113-159	8/8/14	8/8/14	1.000		1.000	0.000		0.000	1.000
P.L. 114-94	12/4/15	12/4/15	0.100		0.100	0.000		0.000	0.100
P.L. 114-94	12/4/15	10/1/16	0.100	-0.007	0.093	0.000		0.000	0.093
P.L. 114-94	12/4/15	10/1/17	0.100	-0.007	0.093	0.000		0.000	0.093
Total, LUST to HTF			3.700	-0.014	3.687	0.000		0.000	3.687

Total GF & LUST Transfers to HTF			216.150	-0.762	215.388	60.300	-0.158	60.142	275.529
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APPENDIX B

Congressional Budget Office January 2025 Baseline Projection of Highway Trust Fund Cash Flow

Billions of dollars. For FY 2024, both Highway Account outlays and interest/penalties/other reflect a \$1.37 billion TIFIA re-score and GF reimbursement which cancel each other out.

	Actual	CBO Baseline Projections--										
	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Highway Account												
Beginning-of-FY Balance	89.65	74.63	56.28	34.12	10.16	-15.72	-42.63	-71.25	-101.75	-133.97	-168.28	-204.45
Receipts												
Gasoline taxes	20.90	21.21	20.82	20.30	19.58	18.69	17.63	16.38	15.26	14.34	13.57	12.95
Diesel/special fuel taxes	8.33	9.18	9.33	9.43	9.50	9.56	9.60	9.60	9.55	9.47	9.40	9.32
Truck/trailer taxes	6.05	6.25	6.51	6.79	7.08	7.36	7.63	7.92	8.21	8.53	8.85	9.18
Heavy tire taxes	0.75	0.76	0.78	0.79	0.81	0.82	0.84	0.85	0.87	0.88	0.90	0.91
Heavy vehicle use taxes	1.46	1.61	1.64	1.67	1.70	1.73	1.76	1.80	1.83	1.86	1.90	1.93
Subtotal, net tax receipts	37.49	38.99	39.07	38.96	38.64	38.14	37.44	36.52	35.71	35.06	34.59	34.27
Interest/penalties/other	5.83	2.39	1.33	0.53	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total receipts	43.33	41.39	40.40	39.49	38.66	38.14	37.44	36.52	35.71	35.06	34.59	34.27
"Flex" transfer of cash to transit	-1.46	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20
Outlays	-56.88	-58.54	-61.35	-62.26	-63.33	-63.86	-64.85	-65.82	-66.72	-68.17	-69.56	-70.98
End-of-FY Balance	74.63	56.28	34.12	10.16	-15.72	-42.63	-71.25	-101.75	-133.97	-168.28	-204.45	-242.35
Mass Transit Account												
Beginning-of-FY Balance	31.93	26.33	18.69	9.49	-0.77	-11.89	-23.07	-34.32	-45.85	-57.37	-69.01	-80.61
Receipts												
Gasoline taxes	3.87	3.93	3.86	3.76	3.63	3.46	3.27	3.03	2.83	2.66	2.51	2.40
Diesel/special fuel taxes	1.12	1.23	1.25	1.26	1.27	1.28	1.28	1.28	1.28	1.27	1.26	1.25
Subtotal, net tax receipts	5.00	5.16	5.11	5.02	4.90	4.74	4.55	4.32	4.11	3.92	3.77	3.65
Interest/penalties/other	1.63	1.06	0.61	0.27	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total receipts	6.62	6.22	5.71	5.29	4.91	4.74	4.55	4.32	4.11	3.92	3.77	3.65
"Flex" transfer of cash from highways	1.46	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Outlays	-13.69	-15.06	-16.11	-16.74	-17.23	-17.12	-16.99	-17.05	-16.82	-16.77	-16.57	-16.87
End-of-FY Balance	26.33	18.69	9.49	-0.77	-11.89	-23.07	-34.32	-45.85	-57.37	-69.01	-80.61	-92.63
Unified Trust Fund												
Beginning-of-FY Balance	121.57	100.96	74.99	43.65	9.44	-27.53	-65.61	-105.45	-147.46	-191.18	-237.10	-284.85
Receipts												
Gasoline taxes	24.77	25.14	24.68	24.06	23.21	22.15	20.89	19.41	18.09	17.00	16.09	15.35
Diesel/special fuel taxes	9.46	10.40	10.58	10.69	10.77	10.83	10.88	10.89	10.83	10.74	10.65	10.57
Truck/trailer taxes	6.05	6.25	6.51	6.79	7.08	7.36	7.63	7.92	8.21	8.53	8.85	9.18
Heavy tire taxes	0.75	0.76	0.78	0.79	0.81	0.82	0.84	0.85	0.87	0.88	0.90	0.91
HVU taxes	1.46	1.61	1.64	1.67	1.70	1.73	1.76	1.80	1.83	1.86	1.90	1.93
Subtotal, net tax receipts	42.49	44.16	44.19	44.00	43.56	42.90	42.00	40.86	39.83	39.01	38.38	37.94
Interest/penalties/other	7.46	3.45	1.93	0.80	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total receipts	49.95	47.62	46.13	44.80	43.60	42.90	42.00	40.86	39.83	39.01	38.38	37.94
Outlays	-70.56	-73.59	-77.46	-79.00	-80.57	-80.98	-81.85	-82.87	-83.55	-84.94	-86.13	-87.85
End-of-FY Balance	100.96	74.99	43.65	9.44	-27.53	-65.61	-105.45	-147.46	-191.18	-237.10	-284.85	-334.76
Annual User-Pay Deficits (Post-Flex Net Tax Receipts Minus Outlays)												
Highway Account	-20.85	-20.75	-23.49	-24.50	-25.89	-26.92	-28.62	-30.50	-32.22	-34.31	-36.17	-37.90
Mass Transit Account	-7.23	-8.70	-9.81	-10.52	-11.14	-11.18	-11.24	-11.53	-11.52	-11.64	-11.60	-12.03
Unified Trust Fund	-28.07	-29.45	-33.29	-35.02	-37.03	-38.10	-39.86	-42.03	-43.74	-45.95	-47.77	-49.93
Net Tax Receipts (Post-Flex) as Percentage of Outlays												
Highway Account	63%	65%	62%	61%	59%	58%	56%	54%	52%	50%	48%	47%
Mass Transit Account	47%	42%	39%	37%	35%	35%	34%	32%	32%	31%	30%	29%
Unified Trust Fund	60%	60%	57%	56%	54%	53%	51%	49%	48%	46%	45%	43%

APPENDIX C

Comparison of Federal Highway Trust Fund Highway Account Receipts Attributable to the States and Federal-Aid Apportionments and Allocations from the Highway Account

November 2024 (THOUSANDS OF DOLLARS) TABLE FE-221

STATE	PAYMENTS INTO THE FUND (2)				APPORTIONMENTS AND ALLOCATIONS FROM THE FUND (3)				RATIO OF APPORTIONMENTS AND ALLOCATIONS TO PAYMENTS	
	FISCAL YEAR 2023	PERCENT OF TOTAL	CUMULATED SINCE 7-1-56	PERCENT OF TOTAL	FISCAL YEAR 2023	PERCENT OF TOTAL	CUMULATED SINCE 7-1-1956	PERCENT OF TOTAL	FISCAL YEAR 2023	CUMULATED SINCE 7-1-56
Alabama	827,645	2.211	23,325,008	1.996	1,063,926	1.889	27,716,968	1.937	1.29	1.19
Alaska	89,261	0.238	2,832,762	0.242	779,233	1.384	18,365,985	1.284	8.73	6.48
Arizona	852,211	2.276	21,754,138	1.861	1,051,118	1.866	24,658,343	1.723	1.23	1.13
Arkansas	509,604	1.361	15,160,679	1.297	718,173	1.275	18,293,670	1.279	1.41	1.21
California	3,245,136	8.668	114,945,601	9.835	5,385,568	9.562	132,357,148	9.250	1.66	1.15
Colorado	676,538	1.807	16,979,852	1.453	755,675	1.342	20,170,120	1.410	1.12	1.19
Connecticut	327,110	0.874	11,855,028	1.014	712,756	1.266	20,807,892	1.454	2.18	1.76
Delaware	101,588	0.271	3,236,951	0.277	246,809	0.438	6,076,745	0.425	2.43	1.88
Dist. of Col.	19,182	0.051	1,227,761	0.105	238,931	0.424	6,672,182	0.466	12.46	5.43
Florida	2,111,808	5.641	59,154,349	5.062	2,769,799	4.918	64,092,396	4.479	1.31	1.08
Georgia	1,223,127	3.267	40,801,856	3.491	1,800,266	3.196	44,356,632	3.100	1.47	1.09
Hawaii	81,397	0.217	2,906,725	0.249	304,179	0.540	8,287,913	0.579	3.74	2.85
Idaho	261,201	0.698	6,508,224	0.557	404,114	0.718	10,606,735	0.741	1.55	1.63
Illinois	1,204,248	3.217	43,226,313	3.699	1,996,966	3.546	51,731,357	3.615	1.66	1.20
Indiana	956,242	2.554	30,821,488	2.637	1,334,414	2.369	32,579,229	2.277	1.40	1.06
Iowa	525,159	1.403	15,340,890	1.313	674,816	1.198	17,824,778	1.246	1.28	1.16
Kansas	420,436	1.123	12,992,823	1.112	540,765	0.960	15,073,386	1.053	1.29	1.16
Kentucky	658,543	1.759	20,697,074	1.771	927,336	1.647	23,986,200	1.676	1.41	1.16
Louisiana	626,743	1.674	20,201,041	1.729	983,845	1.747	26,805,598	1.873	1.57	1.33
Maine	173,090	0.462	5,963,523	0.510	265,815	0.472	7,171,086	0.501	1.54	1.20
Maryland	525,783	1.404	20,094,096	1.719	840,605	1.493	24,848,638	1.737	1.60	1.24
Massachusetts	535,553	1.430	20,659,123	1.768	856,188	1.520	28,251,105	1.974	1.60	1.37
Michigan	1,018,470	2.720	37,616,622	3.219	1,462,538	2.597	39,911,414	2.789	1.44	1.06
Minnesota	648,527	1.732	20,112,471	1.721	928,404	1.648	24,666,895	1.724	1.43	1.23
Mississippi	539,054	1.440	15,589,411	1.334	688,208	1.222	18,365,815	1.284	1.28	1.18
Missouri	865,228	2.311	28,932,856	2.476	1,328,036	2.358	33,172,509	2.318	1.53	1.15
Montana	198,719	0.531	5,567,274	0.476	603,266	1.071	14,615,548	1.021	3.04	2.63
Nebraska	337,624	0.902	9,417,064	0.806	408,940	0.726	10,930,774	0.764	1.21	1.16
Nevada	342,443	0.915	8,531,867	0.730	508,727	0.903	11,642,362	0.814	1.49	1.36
New Hampshire	149,536	0.399	4,808,100	0.411	239,694	0.426	6,465,629	0.452	1.60	1.34
New Jersey	805,781	2.152	32,002,399	2.738	1,408,995	2.502	36,549,325	2.554	1.75	1.14
New Mexico	413,250	1.104	10,535,446	0.901	522,942	0.929	13,525,047	0.945	1.27	1.28
New York	1,390,267	3.713	49,034,425	4.196	2,317,791	4.115	66,731,664	4.664	1.67	1.36
North Carolina	1,170,875	3.127	35,268,671	3.018	1,447,821	2.571	36,431,063	2.546	1.24	1.03
North Dakota	171,302	0.458	4,685,862	0.401	349,725	0.621	9,655,004	0.675	2.04	2.06
Ohio	1,307,551	3.492	46,051,454	3.940	1,887,179	3.351	49,466,870	3.457	1.44	1.07
Oklahoma	656,574	1.754	19,583,941	1.676	883,018	1.568	21,409,526	1.496	1.34	1.09
Oregon	374,748	1.001	14,467,723	1.238	698,893	1.241	18,719,877	1.308	1.86	1.29
Pennsylvania	1,280,617	3.421	46,574,912	3.985	2,287,164	4.061	61,959,153	4.330	1.79	1.33
Rhode Island	82,770	0.221	3,048,497	0.261	314,437	0.558	8,320,920	0.582	3.80	2.73
South Carolina	747,920	1.998	21,017,931	1.798	929,481	1.650	21,766,149	1.521	1.24	1.04
South Dakota	173,947	0.465	4,588,760	0.393	392,668	0.697	10,115,191	0.707	2.26	2.20
Tennessee	949,433	2.536	28,020,757	2.398	1,170,884	2.079	30,438,202	2.127	1.23	1.09
Texas	4,496,449	12.010	109,728,606	9.389	5,420,354	9.624	109,191,337	7.631	1.21	1.00
Utah	397,886	1.063	10,109,299	0.865	488,960	0.868	12,654,776	0.884	1.23	1.25
Vermont	64,355	0.172	2,604,717	0.223	300,237	0.533	7,279,462	0.509	4.67	2.79
Virginia	988,033	2.639	32,068,945	2.744	1,424,463	2.529	36,889,733	2.578	1.44	1.15
Washington	673,804	1.800	21,605,168	1.849	1,017,160	1.806	28,685,853	2.005	1.51	1.33
West Virginia	310,301	0.829	8,569,950	0.733	608,424	1.080	17,451,662	1.220	1.96	2.04
Wisconsin	745,616	1.992	22,367,019	1.914	1,054,507	1.872	26,142,678	1.827	1.41	1.17
Wyoming	186,391	0.498	5,485,999	0.469	355,188	0.631	9,714,523	0.679	1.91	1.77
Total	37,439,076	100	1,168,681,451	100	56,099,404	99.495	1,423,603,067	99.494		
American Samoa	-	0.000	-	0.000	6,883	0.012	278,920	0.019	-	-
Guam	-	0.000	-	0.000	11,175	0.020	691,288	0.048	-	-
N. Marianas	-	0.000	-	0.000	191,155	0.339	2,184,496	0.153	-	-
Puerto Rico	-	0.000	-	0.000	1,900	0.003	3,436,919	0.240	-	-
Virgin Islands	-	0.000	-	0.000	9,623	0.017	647,993	0.045	-	-
Grand Total	37,439,076	100	1,168,681,451	100	56,320,140	100	1,430,842,682	100		

Mr. ROUZER. Mr. Burkhard.

TESTIMONY OF BRIAN BURKHARD, P.E., VICE PRESIDENT AND GLOBAL PRINCIPAL FOR ADVANCED MOBILITY SYSTEMS, JACOBS

Mr. BURKHARD. Good morning, Chairmen Graves and Rouzer, Ranking Members Larsen, Holmes Norton, and members of the Subcommittee on Highways and Transit.

My name is Brian Burkhard. I am vice president and global principal for advanced mobility systems at Jacobs. I appreciate this opportunity to testify today as you examine the need for a long-term solution for the Highway Trust Fund.

We like to say at Jacobs that we are challenging today to reinvent tomorrow by solving the world's most critical problems, and helping communities solve their infrastructure challenges has never been more complex.

As one of America's leading consulting and advisory firms, Jacobs delivers infrastructure projects that enhance mobility and efficiency across all modes of transportation, and much of this work is supported by the Highway Trust Fund.

Nearly every project I have worked on in my career has been made possible by the Highway Trust Fund. These are projects that keep our transportation systems reliable, safe, and resilient. Moreover, because of the improvements and efficiencies they realize for goods movement and mobility, they drive the American economy forward.

The Highway Trust Fund represents a founding principle that has formed the basis of the Federal transportation policy for over half a century, the "user-pays, user-benefits" principle. But the Highway Trust Fund continues to be in trouble, and our current path is uncertain unless we address the fund's long-term structural issues.

Fortunately, there are several alternatives to relying on a fuel tax to fund our transportation infrastructure needs. These include an EV fee and a mileage-based user fee or road user charge.

First, an EV fee could be a short-term stopgap measure to reduce the fuel tax deficit caused by EVs. Nearly 40 States have adopted EV fees, usually in the form of the annual fee paid during vehicle registration. Some States have implemented additional fees based on vehicle weight or have instituted fees on public EV charging stations.

However, EV fees should not be viewed as a panacea to the fund's problem. Rather, they should be considered in parallel with a longer term fix to the gas tax.

Additionally, these one-time or annual payments are not precise assessments on transportation usage, and they do not align with the continued impact that a vehicle imposes on the system.

As stated in the National Surface Transportation Infrastructure Financing Commission's report in 2009, required by SAFETEA-LU, the most viable approach to efficiently fund investment in surface transportation in the medium and long run will be a user charge system based more directly on miles driven rather than indirectly on fuel consumed.

Congress has helped States and interstate organizations test the feasibility of mileage-based user fees, but now national leadership is critical and the USDOT should move forward on the national pilot as defined and required by the IIJA.

Full Federal implementation of a mileage-based user fee pilot program must be accompanied by a robust education campaign to ensure drivers understand how the program works, the positive impact on rural communities, and the opportunities for privacy pro-

tections. Moving to a true transportation usage-based system is imperative in the long run.

Lastly, the role of private financing and P3s has grown in interest in helping to close the gap between limited public funding and our growing needs. P3s have been used for centuries across the world and are becoming more prominent in the U.S. thanks to Federal financing programs, such as the tax-exempt private activity bonds and low-interest rate TIFIA loans. P3s can accelerate project delivery and encourage cost-saving innovation, but they are not suitable for all project types, particularly those without sustainable funding sources.

Encouraging private-sector participation, ideation, and efficiency is good for infrastructure, and we urge this committee to make these financing programs more accessible so States and localities can accelerate project delivery.

This committee knows all too well that our infrastructure funding gap has continued to grow, and we encourage continued collaboration to ensure that the Federal Government remains a committed partner in funding our transportation infrastructure.

Ensuring the solvency of the Highway Trust Fund while adhering to the user-pays principle is essential for continued economic growth and is needed to improve the safety of our Nation's transportation systems.

Thank you for the opportunity to testify, and I look forward to your questions.

[Mr. Burkhard's prepared statement follows:]

Prepared Statement of Brian Burkhard, P.E., Vice President and Global Principal for Advanced Mobility Systems, Jacobs

WHY THE HIGHWAY TRUST FUND IS IMPORTANT

Good morning, Chairmen Graves and Rouzer, Ranking Members Larsen and Holmes Norton, and Members of the Subcommittee on Highways and Transit.

My name is Brian Burkhard, and I am Vice President and Global Principal for Advanced Mobility Systems at Jacobs.

I want to thank you for this opportunity to testify today as you examine the need for a long-term solution for the Highway Trust Fund.

I have over 37 years of experience in transportation systems and infrastructure development. Throughout my career, I have led innovative initiatives across connected and automated vehicle technology, wireless electric vehicle (EV) charging systems, and major capital improvement projects. I have been grateful for the opportunity to help states and local governments plan, design, build, operate and maintain complex transportation system solutions that have resulted in improved mobility, increased goods movement, positive economic impacts, and lasting safety. To say that the Highway Trust Fund is responsible for my personal career would be an understatement. Nearly every project that I have worked on has been made possible by funding that comes from the Highway Trust Fund.

We like to say at Jacobs that we're "challenging today to reinvent tomorrow by solving the world's most critical problems," and helping communities solve their infrastructure challenges has never been more complex. As one of America's leading consulting and advisory firms, Jacobs delivers crucial infrastructure projects that enhance mobility and efficiency across all transportation modes, including aviation, rail and transit, highways and bridges, and ports and maritime. Much of this work is supported by the Highway Trust Fund, and we understand that the advent of electric vehicles, improved vehicle fuel efficiency, and the limitations of the current federal fuel tax, all pose great challenges to assuring that there is enough money to repair and build America's transportation infrastructure. Jacobs is proud to have studied and piloted alternatives to the fuel tax, through our work on Mileage-Based

User Fees (MBUFs), and to have also engaged in alternative funding and financing methods on projects across the United States.

Jacobs works to create equitable, sustainable, and smart infrastructure that connects people and drives economic development. Like other larger engineering and consulting firms working in transportation, we understand that the Highway Trust Fund is an integral funding source for nearly all the work we do for our state and local transportation clients. Averaging out the local match dollars, the Highway Trust Fund provides about 25 percent of the funding for these projects.

Transportation professionals like me are attracted to designing, building, and maintaining infrastructure because of how broad stretching the impacts are to American's lives. Transportation infrastructure is the backbone of daily life in America and can influence job accessibility, commute times, and even housing choices. A well-maintained system boosts efficiency, reduces costs, and enhances safety, while outdated infrastructure can lead to congestion, higher accident rates, and increased transportation expenses. For businesses, strong infrastructure facilitates commerce, lowers logistics costs, and fosters competitiveness.

Projects that are funded by the Highway Trust Fund keep our transportation systems reliable, safe, and resilient. Moreover, they drive the American economy forward—these infrastructure projects impact how communities can economically thrive because of improvements and efficiencies in goods movement and enhancements in mobility. And on the global stage, the improvements to our transportation infrastructure are essential to America's competitiveness. This is why Congress must prioritize ensuring that we have a robust Highway Trust Fund to power our infrastructure and our economy.

WHY THE HIGHWAY TRUST FUND IS IN JEOPARDY

As we all know, the Highway Trust Fund continues to be in trouble. Highway Trust Fund expenditures are growing quicker than its sources, as our nation's transportation infrastructure needs grow. According to the Congressional Budget Office, the deficit between outlays and inflows was approximately \$20 billion in 2024 and is expected to increase to over \$45 billion by 2034¹. The federal fuel tax, which accounts for about 80% of the Highway Trust Fund's receipts, has not been adjusted for inflation since 1993 and, when adjusted for inflation, is half the revenue of what it was in 1994. According to the Environmental Protection Agency's *50 Years of EPA's Automotive Trends Report*, fuel efficiency has doubled since 1975 and an increasing share of vehicles using our transportation system today do not pay any fuel tax at all². The net effect of all these issues results in a downward trend in federal revenue per vehicle-mile-traveled and a growing insolvency issue with the Highway Trust Fund.

Our current path is unsustainable. Simply raising the gas tax would be a short-term solution to address the solvency of the Highway Trust Fund, but does not address the long-term structural issues to maintain a user-pays, user-benefits model of federal transportation investment. Instead, we at Jacobs urge this committee to consider alternatives to the federal fuel tax to fund transportation infrastructure projects.

ALTERNATIVES TO THE FUEL TAX

Fortunately, there are several alternatives to relying on a fuel tax to fund our transportation infrastructure needs. The following are some prevailing funding alternatives in practice across the country today:

Electric Vehicle (EV) Fees

Many states have introduced annual fees on electric vehicles (EVs) to compensate for lost fuel tax revenue. Currently, 39 states have adopted EV fees, with amounts ranging from \$50 to \$250 per year, depending on the state³. Some states, like Maryland and Wisconsin, also impose additional taxes on electricity used at public charging stations to further offset revenue losses.

¹*Details About Baseline Projections for Selected Programs—Highway Trust Fund Accounts: January 2025.* (2025, January). Congressional Budget Office. <https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf>.

²*50 Years of EPA's Automotive Trends Report.* (2025, January 15). Environmental Protection Agency. <https://www.epa.gov/greenvehicles/50-years-epas-automotive-trends-report>.

³*Special Registration Fees for Electric and Hybrid Vehicles.* (2025, February 25). National Conference of State Legislatures. <https://www.ncsl.org/transportation/special-registration-fees-for-electric-and-hybrid-vehicles>.

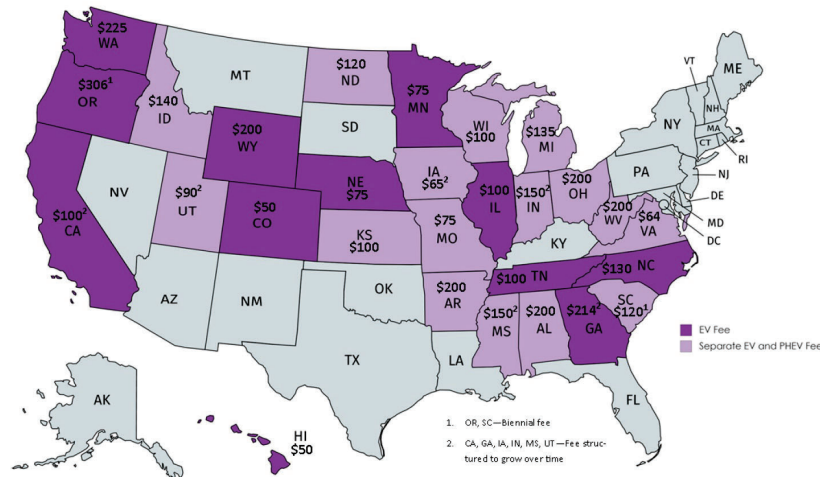


Figure 1—Annual EV Registration Fees by State (Source: National Governors Association, 2020)

Common approaches to EV fee assessment include a flat annual fee that EV owners pay during vehicle registration. Tiered fees have been applied in some states for heavier EVs or may even adjust these according to vehicle type. Some states even structure these EV fees to grow over time by tying the fees to an inflation-related metric. A few states tax electricity used at public EV chargers to mimic fuel taxes.

At the federal level, an annual registration fee on EVs could be a short-term stop gap measure to reduce the fuel tax deficit in the Highway Trust Fund caused by EVs. However, this should not be viewed as addressing the entire shortfall and should be considered in parallel with a longer-term fix to the gas tax.

There are some important considerations to keep in mind with an EV fee. First, policymakers must be transparent with the public that these EV fees are transportation user fees intended to replace the gas tax and will be used for transportation investments. Additionally, an annual fee should be priced to mirror the lost gas tax for each class of vehicle so that the fee is as closely tied to transportation usage as possible to maintain the trusted “user pays” principle that has guided federal transportation funding for decades. Second, a one-time or annual fee is still not a precise fee assessment on transportation usage as it does not adjust to all miles driven by each vehicle. Whereas usage fees, like the fuel tax, increase with miles driven, a single fee assessment does not align with the continued impact that a vehicle imposes on the transportation system over the life of the vehicle. With a single fee, a person who only drives 5000 miles in a year would be paying the same as someone driving 20,000 miles in a year.

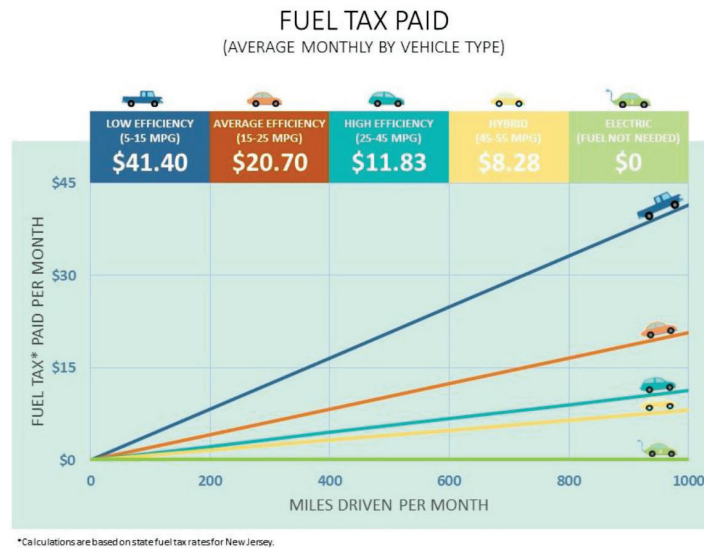
Third, it is appropriate to consider the multitude of taxes and fees EVs may be subject to compared to gasoline-powered vehicles. Many states include a variety of annual battery electric fees, kilowatt hour fees, and sales or electricity taxes on public EV charging. While making sure EVs pay their fair share is necessary for infrastructure sustainability, these fee methodologies could disincentivize EV adoption and may be more punitive than gasoline-powered vehicle ownership. A related problem is that annual, upfront registration fees disproportionately affect lower-income vehicle purchasers in contrast with usage fees or motor fuel taxes, which can be paid incrementally. Overall, it is imperative that Congress maintain a transparent “user pays” principle when guiding any new transportation usage fees.

Mileage-Based User Fees (MBUFs)

Motor fuel taxes link highway use with the associated costs of building and maintaining roads as well as other indirect costs associated with usage of the transportation system, such as pollution and congestion. But motor fuel taxes are an imperfect user fee because they do not differentiate among vehicles that cause greater or lesser road wear for the same amount of fuel consumed or between travel on crowded and uncrowded roads. As concluded by the National Surface Transportation Infrastructure Financing Commission in 2009 and stated in their Final Report: “The

most viable approach to efficiently fund investment in surface transportation in the medium to long run will be a user charge system based more directly on miles driven rather than indirectly on fuel consumed.”⁴

To address this imperfection, a concept has emerged called Mileage-Based User Fees (MBUFs), also known as Vehicle Miles Traveled (VMT) taxes or a Road User Charging (RUC) fee. Under an MBUF system, drivers would be charged for the number of miles they drive instead of the amount of fuel they purchase, creating a direct connection between the amount you pay and your use of the transportation network (see Figure 2). Recent legislation has directed studies on MBUF, including a national pilot program to assess its design, acceptance, and sustainability.



⁴*Paving Our Way: A New Framework for Transportation Finance*. (2009, February). National Surface Transportation Infrastructure Financing Commission.

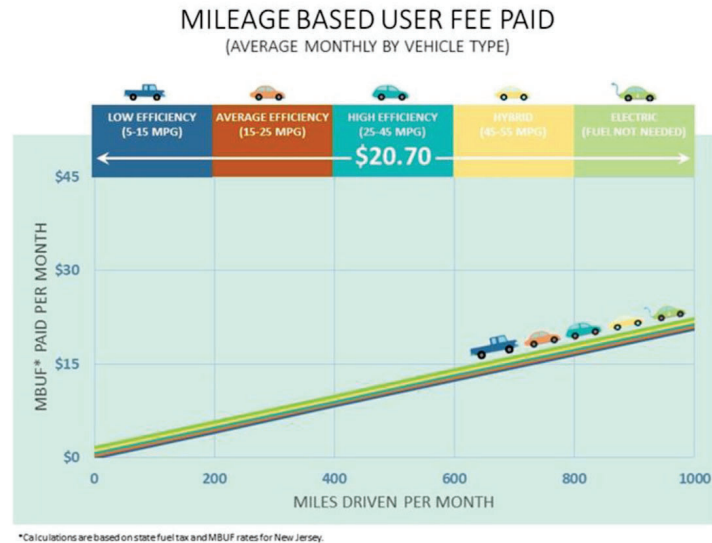


Figure 2—Comparison of Fuel Taxes Paid and MBUF Paid by Vehicle Fuel Efficiency (Assuming a Single per mile MBUF Rate Applied to all Vehicles)

Figure 3 simplifies how an MBUF system could work. Data collection and reporting are necessary to identify the number of miles traveled. Miles driven can be measured through periodic odometer readings, vehicle GPS systems, devices that can plug into a vehicle's on-board diagnostic port, cellular on-board units, or even a driver's smartphone. If location data is included, it can be used to differentiate by state where a vehicle has driven. Alternatively, odometer readings or automated data without location can be used to simply measure the number of miles driven. Regardless of how miles are measured, these would be sent to an account manager. Once an account manager collects mileage data, invoices the driver, and collects the MBUF, it transfers it to the beneficiary, in this case, the State.

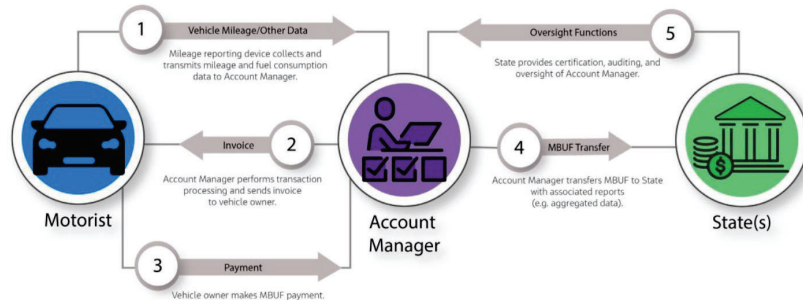


Figure 3—How MBUF Works

Some MBUF concepts have considered the use of a multi-state clearinghouse that could track cross-state travel and re-distribute MBUF funds collected based on out-of-state mileage.

MBUF, or RUC, program pilots have been funded and studied extensively across the United States. The Surface Transportation System Funding Alternatives (STSFA) grant program, established by the FAST Act, contributed funding but required a local match, to explore MBUF revenue mechanisms through study, demonstrations, and piloting. This program aimed to conduct outreach and increase public awareness of the need for new alternatives to the fuel tax and to identify ways to minimize the administrative costs associated with MBUF systems.

Through STSFA or independent initiatives, Jacobs has had the opportunity to assist several states and coalitions in exploring MBUF programs. The current state of those and other programs are as follows:

- Oregon, Utah and Virginia: These states have operational MBUF programs (participation in these programs are currently voluntary).
 - Oregon conducted America's first MBUF pilot in 2013, which led to the establishment of OReGO—Oregon's statewide RUC program. It allows enrolled users to have their miles tracked with a GPS device or a non-GPS odometer tracker and gives enrollees a credit against taxes they pay at the pump. Since 2015, high MPG and EV vehicles can be enrolled in a voluntary program where drivers pay 1.9 cents per mile. Oregon is considering mandatory registration.
 - In 2018, Utah was the second operational MBUF system in the U.S. EVs are allowed to enroll at a rate of 1 cent per mile in lieu of an annual flat EV fee.
 - Virginia became the third operational MBUF system in the U.S. in 2022 by establishing a "Highway Use Fee." Drivers can elect to pay 0.94 cents per mile capped out at \$109 per year.
- Hawai'i: Passed the first mandatory RUC legislation in 2023. Starting on July 1, 2025, most EV drivers can choose to pay a 0.8 cent per-mile RUC charge or flat annual RUC that is capped at \$50 per year. By the end of this year, Hawai'i will present a RUC transition plan to the legislature with steps on how to implement a RUC charge to all vehicles in Hawai'i by 2033.
- Washington, California, Wyoming, Colorado, Minnesota, Kansas, Missouri, Texas, Ohio, New Hampshire, Pennsylvania, Delaware, North Carolina, and others: These states have launched or are developing pilot programs to study the feasibility and implementation of RUCs with trucks or light-duty vehicles.
 - Caltrans is testing RUC through the establishment of real monies collection and issuance of fuel tax credits. This pilot is evaluating opportunities and challenges in the establishment of this system and to consider how such a system might scale statewide.
 - Colorado implemented their first road charge pilot program with 100 vehicles over a 4-month period. The participants of this pilot supported the RUC concept and appreciated its fairness to charge on miles-traveled rather than fuel consumption. The pilot demonstrated that mileage-reporting mechanisms could be effective in collection of data without major issues. The pilot also exposed policy challenges like privacy in mileage-reporting and how to integrate with existing transportation funding mechanisms.
- The Eastern Transportation Coalition (TETC)—Since 2017, TETC is a leading consortium of 19 states and Washington DC, of which 9 have explored RUC and its potential impacts. TETC has piloted several aspects of RUC, including community outreach and communication through participant surveys, focus groups, and messaging. This program has conducted 12 passenger vehicle pilots engaging nearly 3000 passenger vehicles.
 - An urban-rural analysis was conducted in Georgia and Maryland. When moving from a gas tax to an MBUF, Georgia's rural residents would pay 9% less per year and Maryland's rural residents would pay 7% less per year.
 - In North Carolina, TETC helped create AdvaNCe Transportation Together, a collaboration between NCDOT, the business community, and other private-public partners exploring transportation funding. The result is an online public education forum that provides information on how transportation is funded today, the problem with the current funding model, and potential solutions. Public engagement and education on the need for more sustainable funding options is key to any future MBUF's success.
- RUC America—RUC America is a consortium of states that pools resources to study the viability of MBUF. RUC America has funded over 24 research projects studying the feasibility of road usage charging across the interests of 19 state DOTs. Oregon and Utah are member states that are actively operating RUC programs. The second tier consists of states that are conducting, or have conducted, RUC research pilot projects and includes California, Colorado, Hawaii, Pennsylvania and Washington. The remaining states are monitoring transportation trends and evaluating the road usage charge environment.
 - One project through RUC America was to evaluate how automated vehicle (AV) systems could be utilized to enable an MBUF. The pilot utilized data from an AV delivery company to identify the opportunities and challenges associated with AV-based systems and assess their potential integration into a RUC framework.

As a member of the advisory panel that convened for the Eno Center’s 2023 report entitled *Driving Change: Advice for the National VMT Fee Pilot*, I was encouraged by the report’s findings on the need for and importance of a national pilot to explore the framework, policies, and implementation of a federal MBUF.

U.S. DOT should move forward on a national pilot to test the design, acceptance, implementation, and financial sustainability of an MBUF system in keeping with the “user pays, user benefits” principle of federal transportation funding. Since time is of the essence and a Federal Advisory Board has already been established for this initiative, USDOT must not stall on this important and needed evaluation.

Full federal implementation must be accompanied by a robust education campaign to ensure that drivers understand how the program works, to describe the positive impact on rural communities and opportunities for privacy protections. Incorporating “choice” into these programs is essential for their success. Building upon the individual state pilots and findings, a national pilot will be essential in the evaluation of a potentially lasting and fair solution to our Highway Trust Fund problem. In the meantime, EV fees could potentially offer a stop-gap solution but by no means should be considered a panacea to address tax parity with traditional vehicles.

THE ROLE OF PRIVATE FINANCING IN TRANSPORTATION INVESTMENT

In 2023, federal, state and local governments spent nearly \$350 billion on highways and mass transit infrastructure with the federal government responsible for roughly 25% of this spending, largely through the Highway Trust Fund⁵. While the federal government supports transportation investments in a variety of ways, outside direct grants from the Highway Trust Fund (i.e. TIFIA and Private Activity Bonds), the role of private financing and public-private partnerships (P3s) has grown in interest to help close the gap between limited public infrastructure spending and need. The federal government and states have enabled P3 projects in a variety of ways over the past few decades, however the U.S. still lags many other developed countries in utilizing P3s. While progress is being made, the federal government can do more to be a willing partner to embrace the private sector’s drive for innovation and efficiency in transportation project delivery.

Public-Private Partnerships (P3s)

Public-Private Partnerships (P3s) have been used for centuries, but their modern application in infrastructure financing gained momentum in the late 20th century. Historically, P3s were employed in colonial charters, toll roads, and early railroads in the U.S. The 1990s and 2000s saw a global surge in P3 adoption, particularly in Canada, the U.K., and Australia, where governments encouraged private investment in public infrastructure. In the U.S., P3s became more prominent as infrastructure needs have outpaced the public sector’s ability to maintain and improve assets, and with federal financing programs, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and private activity bonds (PABs), supporting their expansion.

P3s involve a long-term agreement between a government agency and a private entity to finance, build, operate, and maintain infrastructure projects. The private sector typically provides upfront capital, while the public sector ensures regulatory oversight. Common P3 models include:

- Design-Build-Finance-Operate (DBFO)—The private partner handles all aspects, with revenue generated through tolls or fees.
- Build-Operate-Transfer (BOT)—The private entity operates the project for a set period before transferring ownership to the government.
- Lease-Develop-Operate (LDO)—The government leases an asset to a private firm for upgrades and operation.

P3s have been used in various sectors, including transportation, water systems, and public buildings, and offer owners an opportunity to maximize and extend their limited public funding. Many states fund their transportation investments with a pay-as-you-go model where costs are covered by current revenues, rather than by borrowing or accumulating debt. While this can reduce the burden of debt on taxpayers, it also limits the ability for states and localities to fund large or complex projects that may dwarf their current revenues.

In 2023, Tennessee passed the Transportation Modernization Act (TMA) which gave TDOT authority to enter into P3s to address urban congestion, while freeing

⁵Public Spending on Transportation and Water Infrastructure, 1956 to 2023. (2025, February 26). Congressional Budget Office. <https://www.cbo.gov/publication/60874>.

up funding to invest in rural communities⁶. The state allocated \$3 billion in state funding into identified critical corridors to add “choice lanes” in each direction which will be financed and operated by a concessionaire. It is estimated that Tennessee’s initial investment into the concession will result in a 3-to-5-fold return in the form of transportation infrastructure improvements.

Since Congress established tax-exempt PABs and low-interest-rate TIFIA loans, the large majority of U.S. P3 projects have used one or both financing methods to leverage private investment on more advantageous terms than in the commercial market. These long-term and flexible financing options are invaluable tools for making P3s and transportation projects a reality. We strongly urge this Committee to make both financing programs more accessible so states and localities can accelerate project delivery of critical transportation projects.

P3s can accelerate project delivery by removing delays typically associated with traditional government funding and can create sustainable funding sources through tolls or other fees. P3s leverage private sector investment reducing taxpayer burden and transfer of risk to the private sector while encouraging cost saving innovation and efficiencies through value engineering.

However, P3 contracts can be complex with lengthy and legally intricate negotiations and may not be suitable for all types of projects. Private financing can result in more expensive projects due to risk coverage and some P3s have lacked transparency on pricing and service quality. All told, P3s are investment partnerships that require good faith negotiation between the private and public sectors to maximize benefit for the traveling public.

CONCLUSION

Congress should continue to provide—and reauthorize as needed—the current array of formula funding, federal grants, loans, loan guarantees, and bonding options to help state DOTs and local project sponsors.

Above all else, Congress should seek to adhere to the “user pays” principle and do its best to provide our nation with a robust Highway Trust Fund.

Recent surface transportation laws have not solved the enduring Highway Trust Fund dilemma, but the Infrastructure Investment and Jobs Act (IIJA) did find a bipartisan solution through the use of advanced appropriations to help communities fund critical infrastructure. The U.S. infrastructure funding gap is well known, with the American Society of Civil Engineers 2024 Bridging the Gap study finding an over \$3.5 trillion investment gap just to reach of state of good repair across all infrastructure modes⁷. However, inflationary pressures and rising materials and project costs are forcing communities to cut back on their programs. We urge this Committee to continue to work together and seek out funding sources outside of the federal fuel tax, including the use of advanced appropriations, to ensure the solvency of the Highway Trust Fund and to drive economic growth and improve the safety of our nation’s transportation system.

Thank you again Chairmen Graves and Rouzer, Ranking Members Larsen and Holmes Norton, and Members of the Subcommittee for the opportunity to testify. I look forward to your questions.

Mr. ROUZER. Mr. Tomer.

TESTIMONY OF ADIE TOMER, SENIOR FELLOW, BROOKINGS INSTITUTION

Mr. TOMER. Chairman Rouzer, Ranking Member Norton, and members of the Subcommittee on Highways and Transit, thank you for the opportunity to testify before you today.

My name is Adie Tomer. I am a senior fellow at the Brookings Institution here in Washington, DC.

I want to start by noting that my remarks today, plus my written testimony, strictly represent my personal views and do not in any way reflect the views of the Brookings Institution, its other scholars, employees, officers, or trustees.

⁶*Transportation Modernization Act*. (2025, April 25). Tennessee Department of Transportation. <http://tn.gov/tdot/build-with-us/transportation-modernization-act.html>

⁷*2025 Report Card for America’s Infrastructure*. (2025). American Society of Civil Engineers. <https://infrastructurereportcard.org/economics/>.

This hearing comes at an opportune time. The Highway Trust Fund is one of the most powerful fiscal instruments in your investment toolbox. Its unique design allows lawmakers to approach investment through multiyear cycles, the same approach used by the State and local owners of our surface transportation network.

The trust fund delivers not just funds but certainty, and the net effect has been a transformation in how people and goods move across America. Said plainly, the trust fund itself is a national asset.

Still, the trust fund is just a tool. It doesn't differentiate between where gasoline and diesel were consumed. The trust fund isn't codified to advance any specific economic competitiveness goals you may have. It is only there to support the execution on your congressional program priorities.

This next reauthorization presents another opportunity to adopt investment policies that will promote economic competitiveness for generations to come.

The Highway Trust Fund will continue to be a powerful tool to achieve that overarching objective, especially if it is coupled with targeted improvements to what it funds and how it distributes that funding. I have three high-level recommendations to that end.

First, it is vital to keep investing more in the network. We spend generations building out all our roads and rails, and the roadways alone are now worth over \$5 trillion, according to the BEA. All those facilities interweave to move over 1 billion person-trips and over 55 million tons of freight every day. It is in our best interest to keep maintaining and modernizing that network.

Yet, Congress is actually falling short of its past commitments. Even with the IIJA money now coursing through the system, the share of GDP that Congress spends on highways and transit is below the average from 1991 to 2023, and it would look even worse if we went back to 1956.

Not only is spending falling behind, but significant inflation within the construction industry means we have lost purchasing power, too.

This is a missed opportunity. Per CBO's own research, when Federal grants increase, State and local governments actually spend more on surface transportation infrastructure, too.

Second, it is critical to rethink where and in what the Federal Government invests. Multiple sections in chapters 23 and 49 of the U.S. Code have enshrined national goals for the country's surface transportation network, including: promoting system reliability, improving safety, supporting regional economic development, and reducing project delays.

Multiple of those areas deserve extra attention, including our persistently bad safety record and how Federal compliance impacts project delivery timelines.

But I want to call particular focus today to our local roadway network. Per our recent research at Brookings, 49 percent of locally owned principal arterials—again, these are main roadways—are in poor condition, compared to 7 percent of mileage on similar State-owned roads.

One of the likely causes is fiscal extraction. Even though locally owned roads carry 34 percent of all VMT in the country, a relative

proxy for many of the trust fund's revenues, current rules apportion all of their gas tax receipts to States. This annual subsidy is hurting system reliability and limiting economic development, but more direct regional funding could address it.

Finally, the Congress should use spending targets and programmatic reforms to inform your consideration of new revenues.

The United States is incredibly fortunate to have the fiscal capacity to invest at the scale we need and to have access to a range of instruments to reach our spending targets.

Just as importantly, the menu of policy responses is well-established and thoroughly researched. Vehicle registration fees, road user charges, and private financing instruments are all viable options alongside established alternatives, such as increasing gas taxes or transferring General Fund revenues. The challenge is building consensus and selecting fiscal instruments that match your goals.

I recommend Congress set up a bipartisan working group to pool your published knowledge and then use that working group to address thorny questions, like tax incidence, compliance cost, and spending timelines.

To conclude, the trust fund is well suited to channel investment dollars. Yet, it would be a wasted opportunity if Congress did not couple considerations of new revenue with efforts to rethink how the country measures need, who controls the funding, and the process by which funding recipients comply with Federal rules.

Thank you again for the opportunity.

[Mr. Tomer's prepared statement follows:]

Prepared Statement of Adie Tomer, Senior Fellow, Brookings Institution

Chairman Rouzer, Ranking Member Norton, and members of the Subcommittee on Highways and Transit of the Committee on Transportation and Infrastructure, thank you for the opportunity to testify before you. My name is Adie Tomer and I'm a senior fellow at the Brookings Institution. I want to emphasize that my written remarks—plus what we'll discuss during the hearing—are strictly my personal views and do not in any way reflect the views of the Brookings Institution, its other scholars, employees, officers, or trustees.

This hearing comes at an opportune time. The Highway Trust Fund is one of the most powerful fiscal instruments in the federal government's investment toolbox. The Trust Fund's unique design allows federal lawmakers to approach investment through multiyear cycles, which is exactly what state, regional, and local owners of physical infrastructure assets need to plan and invest with confidence. Decades of steady use of the Trust Fund's design have helped catalyze significant improvements in the country's surface transportation network, making a profound impact on how people and goods move across America. Said plainly, the Trust Fund is a national asset.

At the same time, Congress and the extensive stakeholder community know that the Trust Fund needs mechanical improvements. Revenues have failed to keep up with outlays for over two decades. Fortunately, the menu of policy responses is well established and thoroughly researched. Vehicle registration fees, road user charges, and private financing instruments are all viable options alongside established alternatives such as increasing gas taxes or transferring general fund revenues. The federal government has the capacity to shore up the Trust Fund and a proven record of doing so.

However, deciding on mechanical solutions would be short-sighted if not married to candid debate around what kinds of investments the Trust Fund should support and the aggregate level of investment the country needs. The federal government is already falling behind historic investment levels, which has the knock-on effect of reducing total state and local investment too. Meanwhile, emerging challenges

such as a poor roadway safety record should force a fresh look at what national goals we're failing to achieve and what kinds of spending would better address the performance gaps.

As this Committee and your peers take the lead on surface transportation reauthorization, you have a profound opportunity to adopt investment policies that will create more economically dynamic and secure communities for generations to come. The Highway Trust Fund is a powerful tool to help achieve that overarching goal, especially if coupled with targeted improvements to what it funds and how it distributes that funding.

WHY AMERICA NEEDS TO CONTINUE INVESTING IN SURFACE TRANSPORTATION

It's important to start with exactly why surface transportation matters so much to our economy and society. Every day, all of our streets, highways, rail lines, and intermodal facilities accommodate over 1 billion trips and move over 55 million tons of freight.¹ Even the country's \$526 billion in international goods traded by maritime and air freight in 2023 wouldn't be possible without surface transportation network links to their local producers and consumers.²

Most of that surface infrastructure is publicly owned and a testament to the collaborative nature of America's federalist system. States predominantly own major roadways such as the federal interstate highways, but many also own transit systems, intercity rail, and other surface assets. Localities own even more assets, including almost half (44%) of the country's federal-aid highway system and the vast majority of transit systems.³ The Bureau of Economic Analysis values the country's government-owned highway and streets structures at \$4.94 trillion, and that doesn't even include all the various transportation equipment owned by public agencies or other private and public transportation structures.⁴

While the federal government owns very little of the physical network, federal lawmakers have long understood the national imperative to invest in other's assets. Multiple sections in Chapters 23 and 49 of the United States Code have enshrined national goals for the country's surface transportation network, including promoting system reliability, improving safety, supporting regional economic development, and reducing project delays. National law is clear: The federal government should use its fiscal resources to make direct investment in the network and induce more investment by state and local peers.

That grand investment effort is never complete, though, because the network itself will perpetually need improvement and the demands placed on the entire system will always change with time. Recent indicators underscore just how pressing today's investment needs are, both on the network itself and for the households and businesses that depend on it:

- States successfully built out the interstate highway network during the second half of the 20th century, with the Trust Fund largely underwriting the effort. Now local roads are suffering; per recent Brookings research, 49% of locally owned principal arterial mileage—America's major roadways—is in poor condition, compared to 7% of mileage on similar state-owned roads.⁵
- Certain transit system components need upgrades to reach a state of good repair, including 14% of vehicles and 17% of systems.⁶ In total, the U.S. Department of Transportation (USDOT) estimates the replacement cost (otherwise known as the "reinvestment backlog") for transit assets falling below the state of good repair at over \$100 billion.

¹Adie Tomer and Ben Swedberg, "Connecting the DOTs: A survey of state transportation planning, investment, and accountability practices", Brookings Institution, 2024. Available online at: <https://www.brookings.edu/articles/connecting-the-dots-a-survey-of-state-transportation-planning-investment-and-accountability-practices/> [accessed April 2025].

²Bureau of Transportation Statistics; see: <https://data.bts.gov/stories/s/Moving-Goods-in-the-United-States/bcyt-rqmu/>

³Adie Tomer and Ben Swedberg, "Highway shakedown: How local road users are subsidizing state highway investments", Brookings Institution, 2025. Available online at: <https://www.brookings.edu/articles/highway-shakedown-how-local-road-users-are-subsidizing-state-highway-investments/> [accessed April 2025].

⁴Table 7.1, Fixed Asset Account Tables, 2023, Bureau of Economic Analysis

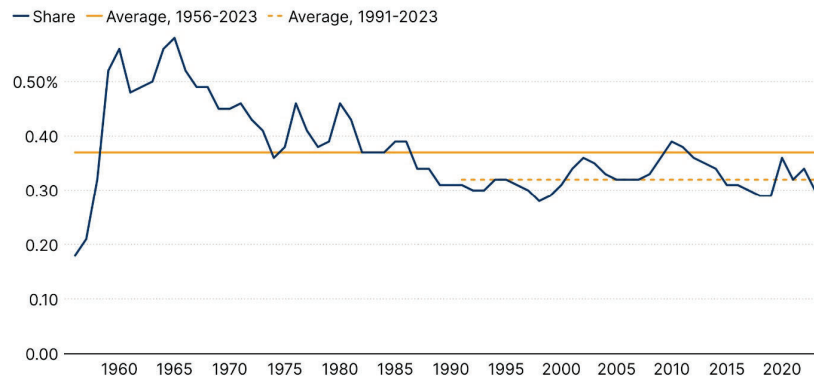
⁵Tomer and Swedberg, 2025.

⁶U.S. Department of Transportation, see: https://www.fhwa.dot.gov/policy/25cpr/pdf/CP25_Full_Report.pdf#page=53

- Even after constant focus among government officials at all levels, roadway injuries and fatalities are still stubbornly high. Fatalities alone increased by nearly 10,000 per year in the decade leading up to 2022.⁷
- The growing quantity of extreme weather events—which keep costing the country more each decade—have begun to impact surface transportation assets. The washing away of vital arteries in North Carolina, regularly submerged roads in Miami, and melted transit cables in Portland, Ore. all demonstrate the need to harden essential assets.

Addressing the country’s maintenance needs and contemporary challenges requires significant fiscal commitment. The Infrastructure Investment and Jobs Act (IIJA) did increase nominal spending, but even those funds are failing to keep up with historic averages. When comparing nominal federal spending on highways and transit to gross domestic product (GDP)—a way to control for economic era—the most recent year was below average spending from 1991 to 2023, and even worse if looking at averages back to 1956.

Federal spending on highways and mass transit, share of GDP



Source: Brookings analysis of Congressional Budget Office data

B Brookings Metro

Federal spending is especially important because it induces further spending by state and local governments, particularly on highways. The Congressional Budget Office’s research found that “state and local governments reduce their own per capita spending on highway capital by 26 cents for an additional dollar of annual federal formula grants; that finding is toward the lower end of a broad range of estimates in the existing literature. The rate of substitution decreases as state and local governments run larger deficits, such that, all else being equal, *those governments spend more of their own funds on highways when federal grants increase* [emphasis added].”⁸

THE HIGHWAY TRUST FUND IS A NATIONAL ASSET—AND A RANGE OF REVENUE SOURCES CAN SUPPORT LONG-TERM SOLVENCY

Federal legislators gave future lawmakers a great gift in 1956. Establishing the Highway Trust Fund separated many federal transportation programs from the annual appropriations negotiations that most domestic discretionary spending programs must navigate. For the seven decades since then, Congress has continued to use multiyear authorizations to deliver the kinds of guaranteed funding that complement the capital budgeting approach and lengthy construction cycles used by their state and local partners. Passing those multiyear authorizations depends on a solvent Highway Trust Fund, meaning there are enough available funds with the

⁷This is as reported by the Federal Highway Administration’s 2022 Highway Statistics, and includes data since 1967.

⁸Sheila Campbell and Chad Shirley, “Fiscal Substitution in Spending for Highway Infrastructure”, Congressional Research Service, 2021. Available online at <https://www.cbo.gov/system/files/2021-10/57430-Fiscal-Substitution.pdf> [accessed April 2025].

highway and mass transit accounts to cover multiple years of committed federal expenditures.

Maintaining a solvent Trust Fund has always required lawmakers to closely follow changes in the marketplace and adopt revenue-related reforms when necessary. Over the Trust Fund's first five decades, the addition of millions of new drivers, the stretching of average trip distances, and the dramatic rise in trucking volumes all boosted gasoline tax and other revenues that effectively get deposited directly into the Trust Fund. Yet even with those market developments, lawmakers still needed to increase the gas tax multiple times between 1956 and 1993 to keep up with proposed spending.⁹

The market patterns and revenue responses shifted in the 21st century, but maintaining the investment power of the Highway Trust Fund has not wavered. Average trip distances stopped growing at the same rate, the rate of new drivers slowed, and greater fuel efficiency all led to missing expected revenue targets. The emergence of electric vehicles only accelerated the reduction in relative gas tax returns.¹⁰ And while legislators continued to increase nominal spending in reauthorizations, they chose not to increase the gas tax or adopt new direct revenue sources to make up the revenue-spending gap. Instead, Congress chose general fund transfers as their preferred method to keep the Trust Fund solvent.¹¹

Relying on general fund transfers has caused consternation among many stakeholders, but it's worth recognizing that every decision made by past bill authors adhered to the same general principle: The federal government is a more helpful investor in surface transportation networks when it can tap the multiyear spending authority the Highway Trust Fund unlocks. Whether it's general fund transfers, increasing the gas tax, or using any number of other fiscal instruments, maintaining Trust Fund solvency will always require some level of debate and eventual agreement among federal lawmakers.

That's exactly where this current Congress now sits as it starts the next reauthorization process. Per a January update from the Congressional Budget Office, the Trust Fund could easily face a \$180 billion total shortfall over the next five-year authorization.¹² Continuing to deliver the scale of investment the country needs—and doing so through the Trust Fund model—will require this Congress to understand revenue alternatives and consider how those work in different combinations.

We certainly are not short on fiscal instruments to choose from. There are multiple proposals circulating to add national vehicle registration fees, some of which apply to all vehicles and some of which would only apply to electric vehicles. A road user charge, or vehicle miles traveled (VMT) fee, is continuing to be tested domestically and abroad. The gas tax could easily be raised either as a flat amount or through a new indexed system. Lawmakers could adopt a targeted sales tax to tap the steady growth in e-commerce. Even with inconsistent performance, there are still some individuals asking to use even more private financing models to extend the reach of public funds. Finally, the general fund will continue to be available. All of these alternatives have their merits, and various combinations could address long-term revenue needs.

Fortunately, there is also no shortage of available research on how each of these alternatives work in practice. Industry experts and independent researchers can all help you answer critical but thorny questions under each. For example:

- How would each instrument spread tax incidence among different households, businesses, and geographies?
- What are the compliance costs to ensure any new vehicle registrations system can minimize fraud and avoid double-charging owners vis-a-vis state laws?
- Road user charges are the ideal instrument for many, but what are the realistic timelines to establish a national system and what kinds of complementary policies (such as a national ID) are necessary to make it work?

⁹“The Federal Excise Tax on Motor Fuels and the Highway Trust Fund: Current Law and Legislative History”, Congressional Research Service, 2016. Available online at <https://crsreports.congress.gov/product/pdf/RL/RL30304> [accessed April 2025].

¹⁰Julie Hotchkiss and Kalee Burns, “Electric Vehicles, Potholes, and Taxes: Who Pays the Price?”, Federal Reserve Bank of Atlanta, 2023. Available online at <https://www.atlantafed.org/-/media/documents/research/publications/policy-hub/2023/07/11/04--electric-vehicles-potholes-and-taxes--who-pays-price.pdf> [accessed April 2025].

¹¹“Funding and Financing Highways and Public Transportation Under the Infrastructure Investment and Jobs Act (IIJA)”, Congressional Research Service, 2023. Available online at <https://www.congress.gov/crs-product/R47573> [accessed April 2025].

¹²Highway Trust Fund Accounts, Congressional Budget Office, 2025. Available online at <https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf> [accessed April 2025].

I recommend Congress set up a serious, bipartisan working group to pool published knowledge, address those thorny questions, and share the results with the public. The group's mandate should be narrow: to provide unbiased information on how well each revenue instrument could support multiyear federal funding for surface transportation. One model for this approach would be a more streamlined version of SAFETEA-LU's fiscal study commissions. If executed well, the group can help build trust among lawmakers—and trust has always been an invaluable ingredient in Congress' ability to pass bipartisan surface transportation authorizations.

SPENDING POLICIES WILL CONTINUE TO DETERMINE THE HIGHWAY TRUST FUND'S
REAL-WORLD IMPACT

The Highway Trust Fund is an invaluable tool for federal lawmakers, their state and local counterparts, and the broader transportation industry. But it's still just a tool. The Trust Fund itself doesn't differentiate between where gasoline and diesel were consumed. The Trust Fund isn't codified to advance any specific economic competitiveness goals. It's simply there to facilitate execution on congressional priorities through formula funding programs.

That's why any debate around the Trust Fund's solvency isn't just about fiscal mechanics. The first-order questions revolve around measuring our progress against established national goals, considering what kinds of projects will help address deficiencies, and determining where those investments should take place. Answering those difficult questions will help to estimate total investment needs and how much revenue is needed to fill that gap.

I applaud this Congress for initiating conversations to answer those first-order questions, including through public hearings such as this one. Since this specific hearing is focused on Trust Fund solvency and capabilities, there are three specific areas that I recommend Congress address:

- 1) *Eliminate the local to state subsidy.*¹³ From 1956 through the end of the century, Congress and the states perfected a system to capture revenue from the growing pool of drivers to build highways mostly from scratch. The resulting 160,000-mile network is still instrumental in promoting goods trade and shortening trip times across the country, making that network's maintenance an ongoing national priority. Yet while that original build-out was essentially complete in the early 1990s, the federal government is still generating tax revenue from use of local roads but apportioning almost all spending to the states.

With 34% of national VMT occurring on locally owned roads, the current tax-and-spend system is fundamentally unfair to local government officials and directly contributes to poor conditions on the local roadways that every vehicle uses. Returning some Trust Fund resources to localities and their shared regions is both a fairer approach and a prudent response to the country's greatest maintenance needs.

- 2) *Improve asset management systems.*¹⁴ Congress and state departments of transportation (DOTs) deserve enormous credit for the success of Transportation Asset Management Plans (TAMPs). Each plan must include the state's asset management objectives, measures, and targets for asset condition, with a particular focus on the national highway system. State DOTs must also include investment strategies—based on their analysis and asset management—that would support improving asset conditions and achieving performance targets and national goals. Since adopted in MAP-21, states are meeting those requirements and bringing more accountability to the overall investment process.

Congress will be able to stretch the reach of Trust Fund dollars if they expand what TAMPs cover. Expanding monitoring to all principal arterials will ensure state and federal officials have data on all major roadways—enhancing the likelihood they'll prioritize investment in roads irrespective of their owner. Federal law could also consider setting a ceiling on recommended roadway quality, which could help spread spending to more roadway segments each year. Congress can reference innovations such as those in Maryland and Minnesota as lawmakers consider specific reforms.

- 3) *Manage the tensions between efficiency and compliance.* It's natural for people of every governing philosophy to apply their own distinct views to how the federal surface transportation program should operate. Those who are passionate

¹³Tomer and Swedberg, 2024.

¹⁴Ibid.

about protecting against waste, fraud, and abuse will want to ensure programs have the appropriate safeguards and paperwork to match. Those concerned with long-term actuarial costs will want project selection to account for environmental risk exposure. Those who believe public spending should support domestic industries will want to add related elements to spending decisions. All these ancillary priorities can easily be defended, mostly because there is a moral position underpinning each.

However, lawmakers must be clear-eyed: Every additional compliance step creates a greater degree of friction on how quickly federal capital can be mobilized to support construction, procurement, and other essential activities. The issue is more pressing because the transportation industry has faced steep inflation over the past few years, which is already limiting the purchasing power of each public investment dollar. Federal lawmakers should closely monitor how much specific spending rules align with their ambitions for each formula spending program.

CONCLUSION

The United States has the capacity to keep investing enough in our surface transportation network to promote national economic competitiveness and security—and the Highway Trust Fund is a well-suited tool to channel investment dollars to where they will advance such national goals. Yet it would be a wasted opportunity if Congress did not couple considerations of new revenue with efforts to reform how the country measures need, who controls the funding, and the processes by which funding recipients comply with federal rules.

Mr. ROUZER. Well, thank each of you very much.

We will now turn to questions from the panel. I will recognize myself for 5 minutes for questions.

I will start with Mr. Johnson.

It was great to be with you back home in North Carolina when we went and toured the project you are working on there on I-95. And, by the way, I think we have been working on I-95 since I was born.

But in any event, talk to us a little bit about the importance of trust fund solvency in terms of timelines and sustainability, just the importance of keeping projects on task.

Mr. JOHNSON. Thank you, Congressman Rouzer, for that question, and also for your time in coming to visit with us and to our plant and see our paving operations on I-95. It was a privilege to be able to do that.

So my two biggest concerns as president of Fred Smith Company are the safety of our employees and to make sure that we have enough work for all of our employees.

The Highway Trust Fund in North Carolina provides about 25 percent of the funds needed to fund the DOT road program. So that 25 percent is very critical to our company and to our employees.

The highway industry in North Carolina is sized—the number of employees we have and the equipment and resources we have is sized to maintain a certain dollar amount spent for the highway program. And if the funds were to be reduced and the amount of money coming in and available were to be reduced, that would severely impact our industry.

That would mean that we would potentially have layoffs and reduction in workforce, which would be devastating to our company and our communities.

Also, knowing that that money is there and it is consistent and it is sufficient and we know it is coming, allows us to invest in our company and invest in our communities, whether that be buying

and installing, putting up new asphalt plants, or buying more equipment, or expanding our offices, hiring more employees, be willing to train our employees. Knowing that the money is available and it's coming and it's dedicated is critical for us to make those decisions.

The work we do is extremely expensive. The equipment and the materials that we buy cost a lot of money. And with any uncertainty if that work will be there to put that equipment and those people to work, it makes us question whether we want to grow and expand in our communities.

So in addition to those, the long-term effects, if we do have a slowdown and the workforce shrinks, then when the work does come around, if there is more work that comes later, it is going to cost more. It is going to take longer, because the workforce is going to be smaller. Just supply and demand. If there is more work and we have fewer people, then it is going to cost more, and the project is going to be delayed.

And that is just talking about our company. When you are looking at what it means to our communities and the traveling public, without having that funding to be able to keep up with the demands in our State, whether it be people who live in our State or people who just transit through our State, it really impacts the mobility, the ride quality. We can't maintain roads.

So just having the Highway Trust Fund solvent, knowing that it is there and that our DOT can plan out the work and know that the money, the funds will be available when the time comes to build it, that we can count on those jobs being there and the opportunities are there, this means so much for our planning of our resources and our labor force that when there is doubt with our State or with our company, it just makes it challenging to grow and to invest.

So the renewal of the Highway Trust Fund, it's critical to our employees and our communities.

Mr. ROUZER. Thank you very much. You covered it well.

Mr. Braceras, let me ask you. Utah is a growing State. North Carolina is a growing State. How have you traversed the pitfalls, all the pros and cons of addressing your issues there?

Mr. BRACERAS. Thank you, Mr. Chair.

Growth is so exciting, but it is also one of the biggest concerns our citizens have, the rate of growth.

And Utah is a little—we like to say we are unique, and some people might roll your eyes at that. But we are a very urban State, believe it or not. We are the seventh most urbanized State in the country, because 65 percent of the land in Utah is owned by the Federal Government.

So we have amazingly beautiful places to go recreate in. But our growth is all concentrated on basically what we call the Wasatch Front. And what we are seeing with that explosive growth is a concern both from the quality of life that everybody is experiencing, and congestion has been one of the rising concerns.

So the ability to plan and get projects ready to go is really critical, and that is I think what Mr. Johnson was talking about. We all, States, have a 5-year plan of projects because it takes a long time to deliver those projects. We know for every section of road,

we have a plan for every section of pavement in our State, every bridge in the State.

And if we can deliver those projects when it is needed most, we follow the deterioration curve of a pavement, and we say, you know what, we could make an investment, a lower cost investment at the right time, and we could stretch out the life of that roadway.

So if we—

Mr. ROUZER [interrupting]. I will need to shut you down there. I don't want to go too far over time since I am chairman and have to keep everybody else in line.

But anyhow, thank you. You can weave your answer into some other questions when you have a little more time later.

Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Braceras, under your leadership, the Utah Department of Transportation is working to increase ridership on the FrontRunner commuter rail line. This transit project will help meet the demands of rapid population growth in Utah by providing an alternative to driving along a crucial corridor.

To do so, the FrontRunner project will need more than \$1 billion in Federal capital investment grant funding. Should Congress consider bringing the CIG program into the Highway Trust Fund to further the program's reliability across surface transportation bills?

Mr. BRACERAS. Thank you, Ranking Member Norton, for that question.

Like we mentioned earlier, the State of Utah is growing really fast, and we feel like we have a three-legged stool to address our mobility needs. One is, we are still continuing to add capacity to the roadways. We need to increase our transit usage.

And I appreciate you mentioning the FrontRunner project. It is one of the most important projects we are working on with our partners at Utah Transit Authority, as well as our partners at the MPOs.

We are trying to take the service—right now, peak-hour service is every 30 minutes, and we are trying to get to 15-minute peak-hour service. And so that is why we feel very positive about our ability to compete in the Capital Improvement Grant program to be able to fully fund the FrontRunner project, which we think is a critical project for the 2034 Olympics that we have coming up.

In direct response to your question, ma'am, I think you are going to have to look at—if you move it into the Highway Trust Fund, something is going to have to give. And right now I think we can demonstrate across this country there is more demand, there are more needs in the Highway Trust Fund than we can even fund right now.

So we are comfortable competing with where the CIG program is currently today, and we think we are going to be able to deliver—well, we know we are going to deliver that project prior to 2030.

Ms. NORTON. Mr. Davis, public transit benefits everyone by reducing air pollution, easing congestion for drivers, connecting people to essential services, and providing good-paying jobs. However, Congress routinely hears calls to save money by eliminating the Mass Transit Account from the Highway Trust Fund.

Why would this fail to solve the Highway Trust Fund's solvency problem? And how would it harm transit?

Mr. DAVIS. Thank you, ma'am.

Traditionally, there was a traditional rural bias in the highway program from day one back in 1916. Urban highways used to be illegal under Federal law till about 1944. They couldn't use Federal money. And the rural bias of the program still exists to some extent because you got to have roads through a long stretch of nowhere that connect big city A to big city B.

The highway guys resented, I believe, mass transit, letting them into the system originally, because the program as it was in the 1970s and 1980s was much more about the 10 or so big legacy cities that had existing rail systems.

Since then, under Senator Shelby in particular, the transit system has branched out a lot, a lot more emphasis on transit in midsize and smaller cities, rural bus service, things like that, trying to deliver more specific usability to rural areas.

But the fact that political parties have gotten polarized, and population density is now as good a metric as you can find for political polarization, hasn't really helped things. But regardless of why people may have been opposed to mass transit out of the trust fund in the first place, the fact is that outlays have grown so great now that it wouldn't fix things.

On page 9 of my testimony, I did a hypothetical where if you threw mass transit and motor carrier safety and highway safety out of the trust fund and then went through just highways and got rid of all the congestion relief, Green New Deal stuff, alternatives, bike paths, anything, you are still \$9½ billion short in 2026 of having the Federal Highway Administration by itself sufficient on the entire existing system of taxes.

So the days of when throwing the nontraditional, noncore highway programs out would have balanced things have long since passed us by.

Ms. NORTON. My time has expired.

Mr. ROUZER. Mr. Crawford.

Mr. CRAWFORD. Thank you, Mr. Chairman. I appreciate you conducting this hearing today.

Thank you to the witnesses here, as well.

As we all know, electric vehicles are notoriously heavy by comparison to the combustion engine vehicle counterparts. As we have seen over the last several years, the production of EVs is continually rising, resulting in more on the road. So more on the road means more wear and tear on our infrastructure.

And I am all for vehicle choice, and I wouldn't tell someone what car they can or can't purchase. But I have some concerns about the fact that currently there is no model for EV owners to pay into the trust fund that actually pays for the wear and tear imparted on those roads. And I think we just can't sustain that level of fatigue. It is unfair to the rest of the drivers who continue to pay into that system.

So I wondered if you could speak on how having EV owners pay their share into the Highway Trust Fund can address that discrepancy.

Mr. Braceras, we can start with you if you want to weigh in.

Mr. BRACERAS. Yes.

So going back to 2003, 2004, the Utah Legislature was asking this same question, and that is when the legislature made a decision that we wanted to proceed forward with finding a way to implement a road usage charge, and it was about the principle of fairness.

And so we have been doing pilots over the years. In 2020, we did launch our road usage charge program. And the way this was done was the legislature imposed a \$140 a year fee—registration fee, we will call it—on electric vehicles. And if they chose to participate in the road usage charge program—so, choice—then they could waive that fee, and they would be charged on the actual miles that they drove.

The marketing slogan we used at the time, because we were worried if people would participate, was: if you drive less, you pay less. And we capped it at the \$140, that maximum fee.

Mr. CRAWFORD. I have got to tell you, that is a real bargain, \$140 on the front end versus what they would pay, what gas burners are paying, diesel burners are paying. That seems like everybody would be jumping out there and saying, “Yes, sign me up.”

Mr. BRACERAS. Yes. If I may, Mr. Chairman.

It is, we figure, about \$100 less than what a gasoline operator would pay for that same usage.

Mr. CRAWFORD. Wow. I don’t know how you arrived at that number necessarily, but it seems like a heck of a bargain for EV users to be able to pay at that low rate on the front end. But that is something that we can discuss.

I guess another concern that I have is, Mr. Braceras, you stated in your testimony the privacy component to implementing the user-pay system and how important it is for ensuring privacy safeguards. We all talk about that, privacy, but guess what? We are all carrying these around [indicating cell phone]. These are the transponders that mark everybody in the room at any given time.

And so, we are having the conversation about, “Well, I want to safeguard my privacy,” and yet, we are walking around having that conversation while we have got one of these [indicating cell phone]—or two—in our pockets at any given time.

So how do we balance that? I fully get it. I serve on the Intel Committee. I get the risk associated with that, sharing data with various entities. How do we bridge that gap, number one?

Number two, if we are talking about vehicle-miles traveled, how do we do it in a way that is conscious of the fact that it could create a cash flow problem? Because right now, we pay as we go. User pays, yes, the current model, we pay as we go. So we don’t really feel it.

But if we are paying that, vehicle-miles traveled after the fact as we go in to register our vehicles, now we are talking about for working folks you are going from maybe \$65 in some States to register your vehicle to maybe \$1,600, because now you are paying for the miles in arrears.

How are we going to address that?

Mr. BRACERAS. Well, one of the things that we are doing if you opt into our road usage charge program, we can do it by monthly payments.

And to touch on privacy real quick, there is a different standard between the way the public looks at privacy with a private company, my phone company, versus the way people think of Government. You would think we would trust our Government more, but that is not the case.

So, we think it is really important to always lead with privacy, talk about your principles, and talk about how you are going to protect it, how important that is.

Mr. CRAWFORD. Thank you. I appreciate that.

I have got a lot of other topics I would like to address, but I have only got 30 seconds. So, I am going to give you that 30 seconds back, Chairman.

Mr. ROUZER. I thank the gentleman.

Mr. Johnson, you are recognized.

Mr. JOHNSON OF GEORGIA. Thank you, Mr. Chairman, and also Ranking Member Norton, for convening this hearing, and thank you to the witnesses for your testimony.

Every day, Americans are stuck in traffic, stranded by failing transit, and forced to risk their safety on crumbling roads and bridges. When local roads are ignored, it's not the powerful who feel it first; it's the working class, the people who can't afford a second car or a detour, who feel it first.

We were promised an administration that would put people first, and instead, the American people received cuts to funding, chaos, and complete disregard for the rule of law. That neglect continues to leave bridges collapsing, buses breaking down, and opportunities out of reach.

But it didn't just start 100 days ago. The Grover Norquist "no new tax" pledge, called the Taxpayer Protection Pledge, has been in force since 1986. And since 1990, the majority, the overwhelming majority of Republicans in Congress, most of whom have signed on to that Taxpayer Protection Pledge, have refused to vote for a tax increase.

So, in 1993, when the Highway Trust Fund increased to 18 cents a gallon for the gas tax, most Republicans voted against it. And they have continued to vote against it each and every time there has been an opportunity to increase it. And so that 18 cents per gallon was not indexed to inflation, so the money is being eaten up. And that is what is causing our roads and bridges to crumble.

And so now we have a proposal to produce some revenue into the Highway Trust Fund by charging EV owners a \$200-a-month assessment, which—I am not disagreeing with that. I think the EV owners should pay into the system.

But I wonder whether or not Grover Norquist is going to say that that is a tax increase, and if he does—the same way he has said that increasing the Highway Trust Fund is a tax increase and he is opposed to it—my friends on the other side of the aisle will be opposed to it also. And then we will continue—while cutting taxes for the top 1 percent in this country, we will continue to see our roads and bridges crumbling because we are failing to invest.

We know what smart investment looks like. It means giving communities the certainty to plan not just for the next election, but for the next generation. It means ensuring local governments aren't

left to fight for scraps and that cleaner, smarter transportation is part of the solution, not an afterthought.

The future of our transportation system and the strength of our economy depend on it.

Mr. Tomer, the Department of Transportation recently sent a letter to grant recipients warning that it could pull Federal funding from cities and States that don't align with its interpretation of immigration enforcement or antidiscrimination laws.

In practice, that means that if a community limits cooperation with ICE or if DOT deems a local policy—DEI: diversity, equity, and inclusion—discriminatory, it could lose access to critical infrastructure funding for roads, bridges, and transit systems. This raises serious concerns.

Mr. Tomer, how effective is it to tie transportation funding to these kinds of legal and political debates?

Mr. TOMER. I appreciate the question, Representative.

I can't speak to the politicization of some of this, and I am certainly not an immigration lawyer. What I can speak to in an apolitical way is that delivering on projects and, as I mentioned in my opening statement, the certainty that the Highway Trust Fund promotes is good for economic development for communities of all kinds—

Mr. JOHNSON OF GEORGIA [interrupting]. Yes, but my question has to do with these extraneous requirements having nothing to do with transportation impinging and preventing transportation projects from being funded. It's wrong, isn't it?

Mr. TOMER. I can't speak to what the—

Mr. JOHNSON OF GEORGIA [interrupting]. Well, let me ask Mr. Burkhard.

What do you have to say about it, sir?

Excuse me for interrupting, Mr. Tomer. I am running out of time.

Real quick, Mr. Burkhard.

Mr. BURKHARD. Yes. I would say that transportation programs are funded by the Highway Trust Fund and are bipartisan programs, and Congress' continued support for them showcases how invaluable they are in improving our transportation.

Mr. JOHNSON OF GEORGIA. Okay. So everybody is afraid to cross Donald Trump. I get it.

But thank you all for your appearance today, and I yield back.

Mr. ROUZER. Mr. Webster.

Mr. WEBSTER OF FLORIDA. Thank you, Mr. Chairman, for having this meeting. And it is certainly a timely subject, probably the most important one we are addressing.

So, Mr. Johnson, you talked about some of the proposals that are out there. How would you approach the various funding proposals we have had before us regarding Highway Trust Fund solvency?

Mr. JOHNSON. Could you repeat the question again?

Mr. WEBSTER OF FLORIDA. Well, I will try to. I might have forgotten what it was.

So, we have a lot of proposals out there regarding the funding of transportation and the future of it. So how would you approach the solvency of the transportation fund? How would you do that?

Mr. JOHNSON. Well, thank you for that question.

The asphalt industry supports anything that allows the HTF to retain its financial stability. We are agnostic to what particular method it is.

The four that I laid out earlier that we have mentioned are: raising the gas tax, fees for EV fees, vehicle-miles traveled, or the tiered weight fees. Any four of those we would be acceptable with.

Mr. WEBSTER OF FLORIDA. So, you are not wed to any particular proposal then, right?

Mr. JOHNSON. No, sir. Anything that adds funds so that we can perform more of the work that we do for our communities, we are for it.

Mr. WEBSTER OF FLORIDA. Great.

So, Mr. Burkhard, how would you, kind of, approach a—if we had an infrastructure bank—which we don't have, but if we did, a Federal infrastructure bank—it leverages only private money; no tax dollars in it—could you see that enhancing the funding of the infrastructure of this country?

Mr. BURKHARD. Yes. I believe an infrastructure bank could be used to supplement a lot of the current funding tools. As Mr. Johnson alluded to, there are many methods that, collectively, can help fund our transportation improvements, and we see that infrastructure bank is a good option.

And it also could signal the Federal Government's openness and commitment to working with the private sector and would also provide a clearinghouse that could attract eligible other private financing.

So we see the infrastructure bank as one of many potential solutions to address the funding challenges.

Mr. WEBSTER OF FLORIDA. Thank you so much.

I yield back.

Mr. ROUZER. Ms. Brownley.

Ms. BROWNLEY. Thank you, Mr. Chairman.

Mr. Chairman, I have been a member of the House Transportation and Infrastructure Committee since 2015, and in the over 10 years that I have served on this committee, we have had several hearings about the need for long-term funding solutions for the Highway Trust Fund.

In those 10 years, we have passed two prior surface transportation authorization bills, the 2015 FAST Act and the 2021 IIJA, and in both of these bills, we were forced to rely on general revenue transfers to shore up the Highway Trust Fund.

But it is not just the last two surface transportation reauthorizations that relied on this mechanism. As we have heard in testimony today and many times before, Congress has not raised the gas tax since 1993, which is the primary source of revenue for the Highway Trust Fund, and the revenues coming into the trust fund have not kept pace with outlays since 2001.

But here we are again, having the same conversation about the problem, while the House Ways and Means Committee, which has jurisdiction over the revenues, has been unable to come up with a solution. So, I really wish we were having a joint hearing with Ways and Means. It might be more productive.

Another alternative that I think we should consider is a change to the House rules to give the House Transportation and Infra-

structure Committee jurisdiction over the revenue piece of the Highway Trust Fund. Maybe then we could really make some headway on a long-term solution.

Until we find one, it seems we may be doomed to repeat the same hearing every couple of years like the movie "Groundhog Day" where nothing ever changes until we flip the script and make radical, positive changes.

Yesterday, I went on the House Ways and Means website and searched for the words "Highway Trust Fund" to find the date of their last hearing on this subject. Would you be surprised to know that the search returned not a single result?

Does anyone know when the last time was that the House Ways and Means Committee had a hearing focused specifically on Highway Trust Fund? I am asking any of you who are testifying here today.

Mr. DAVIS. There was one around 2004, I think.

Ms. BROWNLEY. And what did they conclude?

Mr. DAVIS. They wound up not recommending a significant rate increase, although there was some weird stuff with the way the ethanol was taxed. They found things around the edges and found some extra dollars for the trust fund, much of which wound back up in Bill Thomas' district as earmarks.

Ms. BROWNLEY. Well, thank you. I don't think that—I think my opinion, my argument here, still stands pretty firm, but I will move on.

So, Mr. Braceras, I appreciate your testimony noting the importance of the Olympics, and understanding both your State and my State—I am from California—are both anticipating a great, great Olympics.

But my question to you is, have you had any discussions with the city of Los Angeles, the State of California, with regards to awareness that the Federal Government needs to pitch in here, understanding that I think both in Salt Lake City ahead of the 2002 Olympic Games and in Atlanta ahead of the 1996 Games the Federal Government certainly provided resources to ensure that we had success with the Olympic Games?

So have you had any further conversations with Los Angeles with regards to upping the awareness around this issue?

Mr. BRACERAS. Yes, ma'am, we have. We all talk together, us transportation geeks, and so we talk and leverage what we learned in 2002. We have shared that with Los Angeles and with the transit districts there as well. And we are going to certainly have some folks on the ground there during the Games to learn as well.

So we go back and forth. It is a good conversation.

Ms. BROWNLEY. So are you getting any positive feedback from the Federal Government with regards to additional funding to support the Games?

Mr. BRACERAS. I know my delegation, the Utah delegation, is very interested in helping Utah prepare for the 2034 Games. And when we think about preparing it, we don't want to build projects just for the Games. We look at the Games as an operational event.

So we are going to look to the Federal Government for support on things like security. We are going to have to bring in a lot more transit vehicles, buses mostly. And so we look for that support from

the Federal Government. We received it prior to 2002, and we expect to be successful going forward.

Ms. BROWNLEY. Thank you.

I yield back, Mr. Chairman.

Mr. ROUZER. Mr. Babin.

Dr. BABIN. Thank you, Mr. Chairman. Appreciate the hearing today. And I am honored to be seated here on this esteemed committee for another important round of surface transportation reauthorization.

I am also glad that we are discussing the Highway Trust Fund, the continued solvency of which is absolutely critical to the long-standing health of our Nation's roads and highways and bridges going into the future.

But—and my friends on the committee who have been here a while know this—I am very concerned that my home State of Texas is continuing to pay more than their fair share, more than they get out of it. Texans receive a paltry 84-percent rate of return on Highway Trust Fund programs, meaning that for every dollar the State puts in, they only get 84 cents back.

Mr. Chairman, I look forward to working with you and my other colleagues on this committee on the dais to try to correct this issue.

With that said, I will move into my questions.

Mr. Burkhard, you note in your testimony that rural residents in States like Georgia and Maryland would end up paying less under a mileage-based user fee as compared to the current gas tax.

Could you explain why a mileage-based fee works better for rural communities?

Mr. BURKHARD. Yes. Thank you for your question, Congressman.

Many folks in the rural communities have vehicles that have lower gas mileage—lower than, in some cases, 20 miles per gallon. And so they pay quite a bit more in comparison to more efficient vehicles, which tend to be people that are living in suburban or urban communities. And so that is where the cost differential happens.

And, interestingly, this is part of what we are finding in working with States on their mileage-based-user-fee pilots, is that education is essential to these programs to ensure that people understand the result of the mileage-based user fee.

Dr. BABIN. Thank you.

And just a followup: How can Congress act to make sure that a mileage-based fee does not overburden our trucking industry, who collectively log thousands of miles driven?

Mr. Burkhard.

Mr. BURKHARD. Can you repeat the question, please?

Dr. BABIN. How can Congress act to make sure that a mileage-based fee does not overburden our trucking industry, who drives thousands of miles?

Mr. BURKHARD. Absolutely. Absolutely. Yes, a tiered program that would address the weight of vehicles is what the mileage-based-user-fee pilots are looking at, and so making sure that that fair share is attributed as the vehicles put wear on the transportation system. That is how we would feel that should be approached.

Dr. BABIN. Okay. Thank you.

And, Mr. Braceras, I am also concerned with the redtape surrounding the deployment of projects in our rural areas. Do you see any opportunities to streamline Federal requirements tied to Highway Trust Fund dollars that would help rural State departments of transportation to deliver projects more efficiently and cost-effectively?

Mr. BRACERAS. Thank you for the question.

Dr. BABIN. Yes, sir.

Mr. BRACERAS. Absolutely, there are always opportunities to improve and streamline the way we deliver our projects.

We work closely with our local governments, and we actually provide the technical expertise to help our governments deliver those projects.

Now, other examples that we utilize is, where a local government may want to do the project on their own, we do an exchange for Federal dollars. So we will exchange 85 cents on the dollar, and the local communities then can have the flexibility to execute their projects the way they want. They feel it is much more effective, and they can deliver those projects faster.

So that is one tool that we utilize in Utah on an ongoing basis.

Dr. BABIN. I gotcha. Thank you.

Mr. Chairman, I yield back.

Mr. ROUZER. Mr. García.

Mr. GARCÍA OF ILLINOIS. Thank you, Mr. Chairman and Ranking Member, and, of course, all the witnesses here today.

It is clear that the Highway Trust Fund status quo is no longer viable. The billions of dollars that Congress has transferred from the General Fund to the Highway Trust Fund since 2008 tells us as much.

All Americans are subsidizing driving, whether they actually drive or not. And what have we received in return? Lots of bad stuff. Traffic and congestion. According to INRIX, a transportation analytics company, the typical U.S. driver lost 43 hours in traffic in 2024.

Our communities also suffer from heavy pollution. The American Lung Association estimates that 46 percent of all Americans are living in places that get failing grades for unhealthy levels of ozone or particulate matter.

People of color and people with lower incomes disproportionately live in areas affected by higher levels of air pollution, leaving them vulnerable to respiratory diseases, heart disease, and adverse birth outcomes.

But despite all these facts—worsening traffic, public health risks, and environmental injustice—Congress continues to prioritize highway spending over public transit via the 80–20 split—that is, 80 percent for highways and 20 percent for public transit. It is a funding paradigm that is outdated and unresponsive to the needs of local communities.

I am a big supporter of increasing funding for public transit and getting on par with highway spending.

Mr. Tomer, as you point out in your testimony, the USDOT estimates that the reinvestment backlog of transit assets falling below the state of good repair is over \$100 billion. The backlog ranges

from transit vehicles like buses and railcars to system components like train signals.

How would shifting the funding split in the Highway Trust Fund towards public transit help transit systems address the reinvestment backlog and improve their service?

Mr. TOMER. Yes, Representative García, thank you for the question.

The Congress has been really clear over the past few decades that, as we have finished the grand project that was building out the national interstate system—and bundled under the formal “National Highway System” moniker, right, which my colleague Mr. Davis spoke about—and this original fiscal system we set up was, in fact, capturing user fees from all users, because that National Highway System—it didn’t exist yet, right? We had to pool this money. The States were the right entity to give it to to build out that network.

Now that that network has been built, the Congress, particularly since 1991 with Senator Moynihan and other leadership, have been looking for different ways to offer flexibilities, both to States, to other potential recipients, those who work directly with the States to think about different flexibilities, and that is inclusive of transit.

What I think you are raising, and both with the FTA’s own conditions assessments, frankly, sister data, if you will, from the Federal Highway Administration, is that we need to think differently about investments particularly in regions and localities, giving them flexibilities to make the investments that work right for them.

We know even in the State of California, right, there is only so much real estate left to build, and, in fact, we need to build, kind of, better in the locations where people already live and think differently about how people move around.

So it is not just that there is this backlog of investment. I think the Congress has been clear about giving those flexibilities, and investing more in transit is clearly one of those areas where the need exists.

Mr. GARCÍA OF ILLINOIS. Thank you for that.

Next, I would like to briefly discuss a proposal to have EVs pay into the Highway Trust Fund. My Republican colleagues are pursuing a punitive fee of \$200 on EVs as part of reconciliation. That is despite the fact that the average passenger vehicle paid \$82 into the Highway Trust Fund last year.

Mr. Davis, what amount would you recommend setting an EV fee that does not tax drivers unfairly based on the kind of vehicle that they choose?

Mr. DAVIS. Based on the statistics the Federal Highway Administration published a couple of months ago, the 2023 averages, the average short-wheelbase vehicle, under 112 inches, paid about \$80 in gasoline taxes, and the average long wheelbase, sort of the bigger truck or an SUV, van, paid about \$112, so about a \$90-a-year average.

As Mr. Crawford mentioned, there is a weight differential for EVs, particularly on the heavier end. You could maybe juice that up to have EVs pay a bit more. But \$200 a year seems a little more than the average ICE vehicle, plus that weight differential Mr.

Crawford was talking about. So it is not ridiculously out of proportion, but maybe a little bit more.

Mr. GARCÍA OF ILLINOIS. Thank you.

Mr. Chairman, before I yield back, I seek through unanimous consent to submit a letter for the record from the CHARGE Coalition detailing how a \$200 EV fee is harmful on consumers and fails to address the solvency issues with the Highway Trust Fund.

Mr. ROUZER. Without objection.

[The information follows:]

Letter to Hon. Sam Graves, Chairman, and Hon. Rick Larsen, Ranking Member, Committee on Transportation and Infrastructure, from the CHARGE Coalition, Submitted for the Record by Hon. Jesús G. “Chuy” García

DEAR CHAIRMAN GRAVES, RANKING MEMBER LARSEN AND MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE:

As a unique coalition of advocates focused on industry, health, energy, transit, consumer, environmental, accessibility, and clean technology advocacy, we are writing to urge Congress to oppose any proposal to include new fees on Americans with electric vehicles (EVs) in the federal budget reconciliation process. Using the budget reconciliation process to impose new fees on drivers circumvents the important role of bipartisan discussion in the Surface Transportation Reauthorization process and undermines stated priorities to support the “user pays” principle.

The Highway Trust Fund has been unsustainable for far longer than electric vehicles have been on the road in any meaningful numbers. The federal gas tax has not been increased since the 1990s. Inflation, increases in construction costs and improved efficiency of the internal combustion fleet have caused the Highway Trust Fund to be reliant on general fund infusions since 2008. To reach sustainability, Congress should examine how all drivers, including EV drivers, contribute to it. That conversation must occur during a bipartisan Surface Transportation Reauthorization process, not within a partisan reconciliation.

EV drivers should contribute to the transportation system’s upkeep and efficiency, but current proposals, including an annual \$200 registration fee, are neither fair nor appropriate. While individuals’ use of the transportation system varies, the average fuel consumption per light duty vehicle in 2023 was 447 gallons.¹ At the current federal gas tax rate of 18.4 cents per gallon, the average light duty vehicle would have paid only \$82.25 in federal taxes to federal trust funds that year. Combined with state EV registration fees, which are similarly high compared to state gas tax revenues per user,² EV drivers would be paying disproportionate and discouragingly high taxes under such a proposal. This annual fee structure for electric vehicles would not solve the revenue gap in the Highway Trust Fund. Adding additional barriers to EV adoption places an undue burden on American consumers and companies who are already facing rising prices on vehicles across the board.

The undersigned respectfully urge Congress to reject the inclusion of EV fees in any reconciliation package, and instead advocate for a fair and transparent approach to policy development through Surface Transportation Reauthorization.

Sincerely,

ALLIANCE OF NURSES FOR HEALTHY
ENVIRONMENTS.
AMPLE.
CALSTART.
CENTER FOR BIOLOGICAL DIVERSITY.
CLEAN FUELS MICHIGAN.
COLTURA.
DRIVE ELECTRIC DAYTON.
EARTHJUSTICE ACTION.
EAST METRO STRONG.
ECOLOGY CENTER.
ENVIRONMENTAL DEFENSE ACTION FUND.

ENVIRONMENTAL LAW & POLICY CENTER.
EVHYBRIDNOIRE.
FRESH ENERGY.
FORTH.
GREENLATINOS.
HEALTH CARE WITHOUT HARM.
IT’S ELECTRIC, INC.
LEAGUE OF CONSERVATION VOTERS
(LCV).
MICHIGAN ENERGY INNOVATION
BUSINESS COUNCIL.

¹ FHWA Highway Statistics Series 2023, Table VM-1

² Atlas Public Policy, EV drivers in 36 states pay a surplus of fees each year

MOBILIFY SOUTHWESTERN
PENNSYLVANIA.
NATIVE SUN COMMUNITY POWER
DEVELOPMENT.
NATURAL RESOURCES DEFENSE COUNCIL.
PLUG IN AMERICA.
PROJECT GREEN HOME.
PUBLIC CITIZEN.
RESPIRATORY HEALTH ASSOCIATION.

SIERRA CLUB.
SOUTHERN ENVIRONMENTAL LAW
CENTER.
SOUTHWEST ENERGY EFFICIENCY
PROJECT.
TEXAS EV ALLIANCE.
TRANSPORTATION FOR AMERICA.
UNION OF CONCERNED SCIENTISTS.
ZETA.

Mr. GARCÍA OF ILLINOIS. Thank you.
I yield back.

Mr. ROUZER. Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman. Appreciate it.

Mr. Davis, I have a couple questions for you.

On your history with the Highway Trust Fund and research, what do you see are the turning points that have led us to this current structural deficit we have? And—well, let's go from there, please.

Mr. DAVIS. The first turning point was so slow that I didn't notice it really until a couple years ago, that back in the glory days, the 1950s and 1960s, VMT, the amount driven, was increasing by 4½ percent per year on average. That is higher than inflation. Then that started to change in the 1980s and then again in the early 2000s, so now it is only increasing by less than one-half of 1 percent a year.

So, even if you stopped selling EVs tomorrow—

Mr. LAMALFA [interrupting]. One-half of 1 percent a year of increased miles?

Mr. DAVIS. VMT. And so, even if you stopped selling EVs and gasoline mileage stayed right where it is, that is the most that gas-tax receipts could go up without a rate increase, is about one-half of 1 percent per year.

And then, starting after the OPEC embargo and then Iran, the mileage kept getting better and better, so fewer gallons per mile. And then, finally, the last few bills, starting in 2005, have intentionally increased spending greater than anticipated revenue. So we are—three separate things.

Mr. LAMALFA. The whole full-court press that we have heard from Government and from different entities is that we want people to drive more efficient vehicles.

And so what is the reward in that? Are you using less gas? But then now Government looks at it like, well, you are not using enough gas, you are not generating enough tax. So, what is the catch?

Mr. DAVIS. It made sense as a matter of energy policy after OPEC and then environmental policy to encourage that. But people didn't realize until it was too late that you had Federal energy and environmental policy at loggerheads with Federal highway finance policy, which was based on the number of gallons sold. And no one put it together until it was too late, apparently.

Mr. LAMALFA. Yes. Okay.

And we were talking about rural areas a little bit and people who might have lower mileage vehicles because they need four-wheel drive or they are doing the types of jobs and such in agriculture or mining or timber or things like that.

So, aren't they still paying at the pump a proportionate amount to what they drive? I mean, the worse the mileage is, the more you are going to pay, right?

Mr. DAVIS. Yes, sir. That is correct.

Mr. LAMALFA. Okay.

So, expand on how the electric vehicles are playing a role these days in lack of revenue.

Mr. DAVIS. Well, currently, EVs don't pay any taxes to the Highway Trust Fund, and—

Mr. LAMALFA [interrupting]. Yet, a minute ago, we heard it called it is a punitive tax to put any kind of tax on it. What do you think about that?

Mr. DAVIS. You can argue the level, but EVs should be paying something if you are going to continue the user-pay/user-benefit system. That philosophical decision needs to be made, whether to continue user-pay/user-benefit or move on to something else. Because if you continue user-pay, that limits the universe of new revenue sources you can find to highway and transit users.

But if you are going to continue user-pay, EVs should definitely pay something. It just becomes a question of what level and how to collect it.

Mr. LAMALFA. It would seem so, yes.

So, how much heavier is an EV vehicle compared to, let's say, the same size of car that is not EV?

Mr. DAVIS. It depends on—it is really bad on the truck and SUV side. The Ford F-150 Lightnings and those Hummers are several thousand pounds heavier than their equivalents. But on the smaller car end, it is not so much.

I remember at one point the Chevy Volt, or Bolt, whichever it was—

Mr. LAMALFA [interposing]. Yes.

Mr. DAVIS [continuing]. Had the exact—had, within 50 pounds, the same weight and wheelbase as the Corvette. And if you drive a Corvette the way God meant you to drive a Corvette, you are using a lot of gallons of gas, but the Bolt could follow that behind there at the same speed and pay nothing.

So, that was my old example of why EVs should pay something.

Mr. LAMALFA. God bless America on that, right?

What do you see—well, I want—there has been a lot of talk about this vehicle mileage tax, and I am greatly concerned about the methods that it will be collected.

What do you see, Mr. Davis, is going to be the actual collection and tracking method that is most likely to be used?

Mr. DAVIS. I continue to worry about the administrative costs, because, right now, the gas tax is so easy to collect because it is collected at the refinery or tank farm.

Mr. LAMALFA. Yes.

Mr. DAVIS. 1,300 points of collection versus 285 million registered auto vehicles.

The IRS still hasn't considered how much they are going to have to invest in manpower and technology to implement such a tax, and it would not be quick to implement.

Mr. LAMALFA. Exactly. That is my concern, is that you are going to create a whole new bureaucracy to chase people around on their

mileage they put on each one of their vehicles, versus, when you pay at the gas pump, the system is already there to do it. So, why do we want to do that?

And then I wonder how intrusive it is to be tracking people's mileage. Are we going to end up with those little bing-bong things that you drive through the tollgates? Are we going to have GPS on there tracking people, where they go and what they do?

What do you see on that?

Mr. DAVIS. The time is up, but you can do it that way, or you can just do an odometer measure once a year, which is not intrusive at all. So, there are a variety of ways to implement a fee.

Mr. LAMALFA. Yes, all right. And certainly not invading people's privacy on that.

So, thank you, Mr. Chairman. I yield back.

Mr. ROUZER. Mrs. Sykes.

Mrs. SYKES. Thank you, Mr. Chairman and Ranking Member, for holding this meeting. Obviously, this is a lively topic, and I am glad to be a part of it.

So, I am just going to kind of jump right into it, because we have been talking about the solvency, or lack thereof, of the Highway Trust Fund, and we have seen that the expenditures have exceeded the revenue, which obviously is a problem, and this trend has continued over several decades. And for communities without State resources to make up for these lost funds, like many of the communities I serve, this would be devastating.

Ohio has certainly received billions of dollars from the Highway Trust Fund, and we host millions of travelers that come through our State using our very robust highway system. And our ability and our—the fact that we are centrally located allows for us to welcome all of these visitors, but not without additional costs.

So, I have heard a couple of solutions here over the months that we have been preparing for this conversation, including increasing the gas tax, for short; adding a new tax to EVs and hybrids; and creating a mileage-based user fee.

And I think I want to focus our conversation back on the people who are going to be impacted by all of those decisions the most, the American public. Because between the tariffs on vehicles that change in the blink of an eye—that might even be changing today—the cost of living that has not been addressed as promised, my constituents just don't have the money to pay more in gas taxes. And the cost of owning a car seems like it is going to not be a reality for many individuals, between the tariffs, the uncertainty, and increasing whatever costs might come about by these discussions.

So I just want to ask the panel, and I will start to my left: How do you justify increasing this? What would you say to me as I go back to my community and say, these are the options on the table, after you are currently struggling to pay your bills, in order to pay for this Highway Trust Fund?

In 30 words or less. I believe in you. You can all do this.

Mr. BRACERAS. First of all, I believe that transportation is one of those foundational issues that all of our citizens need to have functioning well and that our responsibility in Government is to be able to provide that at the lowest cost for our citizens.

And, really, by—I got a call from the Wall Street Journal—I am not doing 30 words; sorry—from the Wall Street Journal in 2015 when we passed a gas-tax increase, and they said, “I thought Utah was a conservative State.” And I said, “We are. Conservative people take care of what they have. That is a lower cost of ownership.”

So I would recommend that being able to connect the benefits that they receive from transportation to the costs that they pay is an important component.

Mrs. SYKES. Thank you. Mr. Johnson.

Mr. JOHNSON. Thank you.

So I just want to say that the heavy highway paving industry is a very competitive industry. The money that is spent by the Federal Government and the State government goes very far because it is a very competitive industry. We work hard every day to try to get our costs as low as possible, and that cost is passed along to the users.

And we believe, in order to maintain those communities and be able to service those communities, the Highway Trust Fund needs to be funded by the users so that we can continue to provide that service and that connectivity that the communities need.

Mrs. SYKES. Thank you. Mr. Davis.

Mr. DAVIS. Beyond just the general sentiment that there is no such thing as a free lunch and we haven’t been paying for what we use and it is time that we did that, it is important to emphasize the extent to which the Highway Trust Fund supports both mass transit and roads in wherever your district is and that it is the cooperative nature of the State and local program to get your constituents where they need to go. And if we let the Federal side of it atrophy too far, local commuting and local connectivity to the national system will suffer.

Mrs. SYKES. We only have 30 seconds left. Mr. Burkhard.

Mr. BURKHARD. Yes. I would say that, ultimately, goods movement—improved goods movement and mobility will make the local economy thrive. So telling your local business owners that investments in transportation will actually help them and will make their lives better.

Mrs. SYKES. Mr. Tomer.

Mr. TOMER. This money gets you to work. It gets your kids to daycare or to school.

But what I would make sure that they are asking back of you is, how do we make sure we see these returns back in our community in the way we want to see them?

Mrs. SYKES. Thank you so much.

And I just hope, as we continue this conversation, we don’t forget about the fact that the cost of living is entirely too high in this country and we are considering who is going to have to shoulder this burden as we make decisions moving forward.

Thank you, Mr. Chair. I yield back.

Mr. ROUZER. Mr. Barrett, you are recognized.

Mr. BARRETT. Thank you, Mr. Chairman, and thank you all for being here and for your participation in today’s hearing.

Mr. Johnson, I had a question for you. How can we be sure that additional dollars—because a lot of the focus of this hearing today is around the injection of more money into the Highway Trust

Fund that will ultimately make its way into State governments, local governments, or into the system that will result in the paving of roads that is the part that your organization does. But how can we be sure that investment of more dollars will actually yield more miles of road or more infrastructure, more bridges built, things like that?

It has been one of my frustrations, coming from State government before serving in this role, was that we injected more money into our transportation budget, but it always felt like the rate of inflation around funding of highway projects, road building, and everything else far exceeded the rate of inflation in the overall economy and we weren't always yielding more miles of paved road, for example.

Can you help me understand how we can expect a correlating benefit for more money being spent?

Mr. JOHNSON. Yes. Thank you for that question.

As I stated just in my previous answer there, our industry is very competitive. Almost every project that we perform for the Government is a low-bid situation. So we are constantly trying to try new methods, new innovative techniques, work harder to get our costs lower so that we can provide the roadway at the lowest possible price.

And we are continuing to innovate through recycled asphalt pavement or new, innovative designs in order to try to keep that as low as possible so those dollars go as far as possible.

Mr. BARRETT. Sure. And I know that there is a bid process and everything else, but we are dealing with sourcing of aggregate and some of the other scarcity of materials and workforce issues. We have, I think, 7 million men in America that are on the sidelines, not working and not seeking work right now. I think we have a whole bunch of issues combined that are contributing to this that could be addressed.

And I am not suggesting that we don't need more money into the system, but I also want to make sure that any additional investment we do would be met with a commensurate increase in output that would actually be to the benefit of drivers. I think one of their biggest frustrations is they feel like taxes or fees or other things go up and they don't actually see the outcome in result and benefit of infrastructure.

I did have another question. I am not sure who on the panel would be best for this—maybe, Mr. Davis, this would be more in your bucket—but the VMT issue of total miles traveled.

Where do you see the relationship between total miles traveled and, I guess, the obligation for the user to pay for that use of the roads versus the person who might drive relatively little, but still needs those roads available for the time that they do drive?

So somebody who may not travel very often still needs that road to connect them—it needs to be available all the time for them to drive and visit relatives, go to the doctor, and pursue the obligations that they have.

So, I guess, placing the entire cost expectation on the number of miles driven versus the, I guess, comparative ratio of having the available infrastructure, where do you see that falling, and would we be placing all of our eggs in one basket? And would it affect

rural drivers like those in my district who may travel further but still need—other folks need the benefit of the highway system, whether they drive every day or not?

Mr. DAVIS. That is an excellent point.

Right now, as I mentioned, three of the five existing taxes—the gasoline, diesel, and heavy truck tire—tax basically the extent of your driving. If you drive more—

Mr. BARRETT [interposing]. Right.

Mr. DAVIS [continuing]. 2 more gallons, the truck burns more tires. And the other two are just once a purchase or once a year for system access.

And I think a blend of those concepts in the future is probably accurate. Because a good amount of it is based on VMT wear and tear—not just wear and tear, but also congestion, but system access is an area that we haven't taxed enough on the individual side that perhaps there is room for.

Mr. BARRETT. Sure.

And you alluded—and I have only got a few seconds left, so I apologize. But you alluded to, if we don't do a VMT or a user-based fee, like, some other application of building the Highway Trust Fund would be necessary. Do you have any alternative methods?

We seem to be at a stalemate between VMT, gas tax, degrading value of that with fuel economy and electric vehicles. What would be an alternative method of doing this that you would feel would be fair?

Mr. DAVIS. User fee is better, but if you are going to keep a trust fund, if it is not user fee, at least it has to be reliable. That is the most important thing, is a reliable, year-to-year sense of revenue, as little volatility as possible.

At one point, there was a suggestion for a crude oil barrel tax. I believe Mr. DeFazio chased that for a while. And something like that would be not directly highway user, because you are taxing the plastics industry and whoever else uses oil, but it would be better than nothing, and it would be less volatile.

Mr. BARRETT. Okay. Thank you.

Thank you, Mr. Chair.

Mr. ROUZER. Mr. Nadler, you are recognized.

Mr. NADLER. Thank you, Mr. Chairman.

Mr. Braceras, your testimony calls for the committee to reauthorize the funding baseline in the BIL plus inflation.

Do you view that baseline as solely covering the Highway Trust Fund programs? Or do you mean that baseline to include the programs covered by advance appropriations as well?

Mr. BRACERAS. I mean both, sir. I think we need to take the baseline that you have used for advance appropriation for the surface transportation system and take that combined with the Highway Trust Fund and we need to grow that for inflation in order to just meet the basic needs that we have in front of us today.

Mr. NADLER. Thank you.

For decades, the Highway Trust Fund was funded primarily through gas taxes paid by drivers. But that hasn't been the full story for a long time. Today, gas-tax revenues cover barely half of the trust fund's spending—I think this was mentioned earlier—and

Congress has repeatedly used general taxpayer dollars, including more than \$275 billion since 2008, to keep it solvent.

That means every taxpayer, including millions of Americans who don't own a car and rely on public transit, are already helping to fund the system. Transit riders are paying into the trust fund too, and they deserve a fair share of the investment.

Mr. Davis, you have written extensively about the Highway Trust Fund's history and the political compromises that shaped its evolution, including the creation of the Mass Transit Account in 1982. As you have noted, transit investments often relieve congestion, expand access to jobs, and protect road infrastructure by reducing wear and tear.

Given these benefits, can you discuss the importance of maintaining and strengthening dedicated transit funding within the Highway Trust Fund?

Mr. DAVIS. If you go back and look at the debates in the 1970s and early 1980s, the urban lobby was arguing about facts on the ground. They said, "Okay, our big cities don't need more urban cross-freeways, we need more transit," and they really didn't care where the money came from. The trust fund lobby, on the other hand, was saying, "The Highway Trust Fund was user-pay/user-benefit, and that is the way it is set up, and this is a violation of that." And both sides were correct, because they were having different arguments at the same time, talking past each other.

And it took—in 1972, it took until the urban vote got big enough that they were able to defeat a highway bill for the first time. And eventually in 1973, they wound up getting a compromise to open the trust fund up to transit projects when the locals would select.

And then again in 1982, they realized early on that they were going to need the urban vote, and so they went ahead with the penny-for-transit 80–20 split of the new revenue for a Mass Transit Account then.

So what it took in the past was the plain fact that the bill couldn't pass without the votes that demanded mass-transit funding. It was pure and simple.

And since then, you have had—the Mass Transit Account still only gets about 13 percent of trust fund revenues, because the trucking revenues and the pre-1982 gas and diesel revenues are still entirely devoted to the Highway Account. So they are getting about 20 percent of trust fund spending but only about 13 percent of trust fund revenues, so the Mass Transit Account——

Mr. NADLER [interrupting]. Wait a minute. Thirteen percent of——

Mr. DAVIS [continuing]. Is much more extended——

Mr. NADLER [interrupting]. Thirteen percent of trust fund revenues comes from where?

Mr. DAVIS. Well, it goes to the Mass Transit Account. They get about 13 percent of the revenues, depending on how volatile trucking is. And they are getting 20 percent of the—roughly 20 percent of the spending.

So the Mass Transit Account is much more overleveraged than the Highway Account at present, and something has to be done to ameliorate that as well.

Mr. NADLER. Yes, especially since gas-tax revenues cover barely half of the trust fund's spending and the other half is coming from the taxpayer.

Mr. DAVIS. Yes.

Mr. NADLER. Mr. Tomer, your testimony highlights the urgent need for investments in transit assets and the growing backlog of repairs.

Given shifting demographics, climate challenges, and the need to connect all Americans to economic opportunity, how critical is it that Congress preserve and expand Federal investments in public transit? And what risks do we face if we fail to do so?

Mr. TOMER. Yes, I appreciate the question, Representative Nadler.

Study after study, kind of, all across the intellectual spectrum shows that transit produces net benefits to society, what economists will also often wonkily call, like, "agglomeration economy spillovers." The point is, this helps grow places. It helps get people to work, particularly in a more affordable manner. It provides net economic benefit to not just the communities it is in, but the country as a whole.

The question, I think, for the Congress, as my colleague was just speaking to, is: How do you set up the revenue system in a sustainable way to make sure that you can, kind of, invest in all-of-the-above solutions that make sense for each of these communities?

Mr. NADLER. Thank you.

I yield back.

Mr. ROUZER. Mr. Collins, you are recognized.

Mr. COLLINS. Thank you, Mr. Chairman.

I was making some notes there on something that was just said. Sorry about that.

Listen, I just want to take a few minutes and I want to speak from the perspective of a trucker, because I am in the trucking business. It is all I have done all my life.

And I guess the first thing I want to start out with is just a list of taxes that we pay from the trucking industry.

I mean, first of all, we pay for IRP tags, which is supposed to be the International Registration Plan, for every truck, every tag, every year.

Then we have got FET tax on new purchases, which is based on the purchase price, which, when I bought my first truck back in the early 1990s, fully loaded, decked out, was \$81,000. Today, it is pushing over \$200,000 per truck. Trailers are the same way. We pay FET tax on every tire we buy. And, by the way, there are 18 tires on an 18-wheeler. And we use a lot of them.

We pay fuel tax based on fuel mileage in every State across this country, no matter whether you buy fuel in that State. And the tax is based on the tax rates for that State.

We also pay the Federal highway use tax, which has gone up over years. We used to pay it in arrears based on how many trucks you did have for the past year. Now we pay it upfront on how many trucks you have today in one lump sum, and there is no refund if you wreck or if you sell the truck, period.

So that is just a conglomeration of what we pay to stay out there on the road.

And when you look at things like what we have had to watch over the past administration with the IIJA, with \$1.24 trillion, whatever it is, that was spent, when less than half of it went to fix our roads and bridges out there. The majority of it, we had to watch as they built bike paths and put—I don't even know if they ever built an EV charger. But we had to watch as our taxpayer dollars were spent on something that was unnecessary, when we are out there sitting in congested roads, can't move, roads that need potholes fixed, bridges that need to be replaced.

On average, road construction, from the time it starts to the time it is finished: 7½ years before they get started on the road, 10 years to finish it. What does that tell you? They spend most of the time on permits and all of these lawsuits from all of these environmentalists out there that are suing us.

Then you take the contractor that is building the road. Do you realize that they pad their bills by 30 percent just to pay for all these crazy permits, for all of these frivolous lawsuits that are going on?

I guess—one other thing—I wanted to—I have to ask a couple questions.

Mr. Johnson, asphalt, if I remember right, right?

Mr. JOHNSON. [Nonverbal response.]

Mr. COLLINS. Asphalt price is based on what, petroleum price? Does it go up when petroleum goes up?

Mr. JOHNSON. [Nonverbal response.]

Mr. COLLINS. Goes down when petroleum goes down?

Mr. JOHNSON. [Nonverbal response.]

Mr. COLLINS. Okay.

Mr. Davis, this is a question—I didn't understand you. Now, it is really a question I have been looking for. Does mass transit pay more into the Federal highway use trust fund than what they get back? Or do they get more out of it than what they pay in?

Mr. DAVIS. There are no specific taxes on the use of mass transit that go to the trust fund. Now, a lot of people who—

Mr. COLLINS [interrupting]. But they get mass—they get mass—they get Federal highway use tax trust fund—

Mr. DAVIS [interrupting]. Well, I take the subway occasionally, but I also own a car. So, there are people who—

Mr. COLLINS [interrupting]. But mass transit gets Highway Trust Fund—

Mr. DAVIS [interposing]. Yes.

Mr. COLLINS [continuing]. Money? Okay.

Mr. DAVIS. Yes. Taxes on highway users are deposited to mass transit.

Mr. COLLINS. I think it is somewhere around \$6 billion to \$8 billion a year, something like that? I think that is it?

Mr. DAVIS. It is about \$5 billion a year in—

Mr. COLLINS [interrupting]. Okay. That was the answer I was looking for. Thank you.

Listen. Truckers—and I know we are looking at how we are going to set this up. Ninety-eight percent of the trucking companies out there are 10 trucks or less. These are generational. We work off of pennies per mile, 2½-percent return. Truckers have paid enough into the tax system.

If you want to do something, get your priorities right. Congress needs to get their priorities right and quit spending money on all this junk out there like bike trails. Put it into the roads and the bridges that we need fixed and replaced out there. Get these frivolous lawsuits off of everybody. Get some loser payout—give me some good tort reform; you will reduce the cost of what it is costing to build these roads and bridges out there.

And you know what? Mr. Johnson, make us energy-independent. You start producing oil here in our country, then you will see the price of gas, you will see the price of petroleum come down.

And, oh, by the way, the EPA, who has hounded on the truckers forever—we have gotten less fuel mileage every time the EPA makes a decision out there. Our fuel mileage goes down, so we pay more just by buying a gallon of fuel.

The other thing I would like to say—I know I am out of time. I think we just need to block-grant money to these States and let them handle how to best use it and fix their own roads and expand their own roads and bridges.

Thank you, Mr. Chairman, and I yield back.

Mr. ROUZER. Ms. Friedman, you are recognized.

Ms. FRIEDMAN. Thank you, Mr. Chair.

And thanks to the witnesses for coming here today.

As we discuss all these challenges facing the Highway Trust Fund, I want to just take a minute to talk about how we use the money that is in there.

Something that L.A. knows a lot about is traffic congestion. The national statistics on highway congestion in 2022 shows that the cost of congestion was \$244 billion nationwide. That is about \$614 million a day that we spend because of congestion.

It also wastes billions of gasoline nationally, with about 21 wasteful gallons of gasoline per driver per year. It releases about 24 million tons of excess greenhouse gases into the atmosphere.

And congestion resulted in an extra 8.5 billion hours of traffic delays across the country. In L.A. alone, each commuter spent an extra 122 hours per year sitting in traffic. Nobody likes doing that, least of all me.

Between 1993 and 2017, we have added 30,500 new freeway lane miles of roads in the largest 100 urbanized areas. That is a 42-percent increase in freeway lane miles. States alone spent more than \$500 billion on highway capital investments in urbanized areas, with a significant portion spent on highway expansions.

Now, in that same timeframe that we were expanding all these highways and putting billions and billions of dollars into those projects, traffic congestion in those 100 urbanized areas has grown by 144 percent.

The evidence is clear—and study after study shows this—that highway expansions—now, they do a lot of things. Sometimes they add roads to places that didn't have them before. Sometimes they make our roads a lot safer. And there are certainly places where we need to expand our highways. But when it comes to congestion, there is not really evidence that expanding highways to deal with the congestion is doing anything except making congestion worse because of induced demand.

Now, in my community, where we have widened the I-5 freeway and many other roads, we have seen no measurable decrease in congestion, and it has come at a lot of cost to the residents who live around those highways, many of whom saw a marked decrease in their quality of life.

And, at the same time, that money that went into those expansions didn't go into things that we know reduces congestion, namely, more investments in mass transit, in urban mass transit.

Transit is estimated to reduce CO2 emissions by 37 million metric tons annually. Individuals who ride on public transportation instead of driving can save more than \$13,000 a year. That is over \$1,000 per month.

And, certainly, for many people in our urban areas, they can't afford to own and operate a car, and so they are transit-dependent. And because of our lack of investment in transit, we have given them, many times, really just terrible qualities of life because transit doesn't work well enough for them. It is too slow, and it doesn't come fast enough.

And, also, robust public transportation systems take users off the road, which does reduce congestion and makes the roads not wear as quickly.

Every \$1 billion we invest in public transportation sustains \$5 billion in long-term economic impact and 50,000 jobs, which sounds like a great value for taxpayers' money.

So I am going to ask Mr. Tomer: To your knowledge, is it standard practice across the country that, when we are looking at investing our transportation dollars and our highway funds, that communities are doing a cost-benefit analysis of the same investment going into mass transit or going into a highway widening? I know that some communities have done this, but is this common practice? And should it be?

Mr. TOMER. Thank you for the question, Representative.

The—look, every State and community is different, and I think we know that. That is actually one of the, kind of, great features of this country.

Our cost-benefit analyses have come under attack for decades now from academics—and this is really civil attack, I want to be clear, like, a civil discourse. The question is, what are you trying to achieve? I mean, we have to be blunt with all of ourselves here. What are we trying to solve?

We know—and I really appreciate you bringing this up—that induced demand is effectively an economic truth. You can't endlessly expand highways once you have built out a community. It is a fallacy to tell our households that suddenly this is going to solve congestion, because we know it is not.

What bothers me the most, frankly—and I think it is in the tenor of today's conversation—it slows down freight, slows down trucking. I hate when deliveries are late to my house, and I am sure businesses feel far worse when it is their bottom line.

So I think what is key here is, how do we think about sensible cost-benefit analysis that makes sense for each one of these communities. Oftentimes, transit, like in Greater Los Angeles, right—voters, over two-thirds, approved this expansion because it is what

made sense to them after, for generations, frankly, trying a different solution.

It is going to look different in different places, but, again, as we keep adding people to this country, which is a truly bipartisan goal, we are going to have to think about how we can realistically fit all of them and our businesses and their freight in these growing communities.

Ms. FRIEDMAN. Well, thank you, because doing things the same way over and over again with bad results is not a good way for us to move forward.

I yield back. Thank you.

Mr. ROUZER. Mr. Stauber.

Mr. STAUBER. Thank you very much.

Thanks to all of you for being here and your testimony.

The previous Biden administration pushed an unsustainable mandate on the American people: electric vehicles. They tried to take the choice away from the American taxpayer.

Former Secretary Buttigieg and I frequently sparred on this topic. I often had to remind him that the cars, electric vehicles, were unaffordable, inoperable in cold-weather climates, and the infrastructure simply didn't exist to make it work.

And when they siphoned billions of taxpayer dollars to pay for their Green New Deal agenda, they eliminated the Buy America provisions and used child slave labor to expedite the process. Obviously, I disagreed.

Some people have bought into the EV way of life, and that is fine. What I have always wanted above anything else is consumer choice, flexibility for the American people to do what is best for them.

But it is important to note that the current state of play is not fair. EVs currently benefit from the highway system but do not contribute to it. What is worse is that they are heavy vehicles and far harder on our roads.

Mr. Braceras, could you talk a little more about the annual fee the State of Utah has utilized in an effort to address EV usage?

Mr. BRACERAS. Thank you. Yes.

So the State of Utah approached the idea here with one of fairness and choice. And so we recognized that EVs were not paying their fair share for their use of the roadway, but we wanted to give people a choice on how they would do this.

So we approached it by doing the \$140 annual fee on EVs, and then we have a road usage charge program, kind of a parallel program. And so folks can opt in to the road usage charge program, they don't pay the \$140 fee, and they will only pay for the miles that they drive.

And so it is trying to be fair to the EV users but also fair to the rest of the highway users. And we have found this to be a fairly—it is well-accepted from our users. Obviously, if you have a choice, you have decided you like that approach. But we think that was—we feel very comfortable with that approach.

I anticipate—now, this is Carlos, not my State legislature. We anticipate that our next steps going forward will be to require EV users to go into the road usage charge program. But that is still a—that is a policy debate still to take place.

Mr. STAUBER. I think EV and hybrid fees are an important step to addressing parity on the roads and ensuring transportation infrastructure remains a shared responsibility.

When the Biden administration mandated EV use, can you imagine being in northern Minnesota when it is 35 below trying to get to work when the battery has 50 percent less usage or even less than that?

And it was disappointing that we had to push, continuously push the former administration to allow us to have choice, just like you did for your citizens in Utah. You gave them a choice and an opportunity for them to choose.

That is what the American people wanted. They didn't want the EV mandate forced down their throat.

Mr. Chair, I yield back.

Mr. ROUZER. Mr. Stanton.

Mr. STANTON. Thank you very much, Mr. Chairman.

And thank you to the witnesses for being here for this very, very important hearing.

Highway Trust Fund is essential. It helps States build out and maintain their infrastructure. But it is in need of real reform to make sure States like Arizona, my home State, get a fair deal. We need to be pragmatic about how this investment upkeeps highway and transit, keeping families and businesses connected.

So I want to thank all of the witnesses for your recommendations as we work to develop a strong bipartisan surface transportation reauthorization bill.

In Arizona, like most States, we make the most of the formula funding that is allotted. ADOT uses Highway Trust Fund dollars to maintain its more than 28,000 lane miles.

Federal formula funds are also used to modernize and improve safety along existing roadways, like U.S. 93, connecting parts of rural western Arizona, which recently received Federal funds to turn a two-lane highway into a four-lane divided highway, making it much, much safer.

Projects like this improve safety for Arizonans, lessen congestion, and allow for more freight transportation to move across the State, an important part of our commerce.

But even with investments like these, Arizona is doing more with less. Arizona has added more than 2 million people since just 2000. Our economy has grown exponentially. But current funding formulas are decades old and rely woefully on outdated census information and traffic data.

Arizona is one of the fastest growing States in the country, but this year, we received one of the lowest percentage of funds relative to our State's contribution. Continuing to rely on this antiquated formula to determine future investments isn't just inefficient policy. It puts fast growing States at a significant disadvantage and undermines our ability to tackle our significant and growing infrastructure needs.

Just yesterday, I introduced a bipartisan bill with my colleague, Congressman Tony Gonzales of Texas, to modernize this formula. Texas is another fast growing State that has not seen the level of investment to keep up with its population.

Our Highway Formula Fairness Act will allow for the Decennial Census to be considered when calculating apportionment for many States that have increased population since the previous census to receive funding that reflects that growth. It is just common sense.

The bill would also require the Secretary of Transportation to conduct a highway formula modernization study to assess the methods and data that are currently used to apportion Federal-aid highway funds so we can keep up building and improving.

Mr. Braceras, thank you for your perspective both as a representative of AASHTO and as executive director for Utah. In your testimony, you reflected on that, like Arizona, Utah has seen increased growth. In fact, Utah was also one of the fastest growing States in the country.

How would having a 10-year census number as part of the apportionment calculation for the Highway Trust Fund impact your State of Utah?

Mr. BRACERAS. Thank you. Thank you, Congressman, for the question.

And, yes, like Arizona, Utah is growing tremendously right now, and it is really one of the biggest concerns that our citizens have.

I would say, let's use the best data we can have to make a more informed decision. So, I am always a fan of getting the best data, the more recent data we can have, to be able to make those decisions. So, very supportive of the idea of that.

Mr. STANTON. All right.

And like Utah, Arizona has needs to improve our existing older infrastructure while keeping up with the growth needs. We need to do both.

Mr. Johnson, in your testimony, you focused on Federal investments for project delivery, workforce development, and economic activity as it relates to North Carolina. You brought up the importance of maintaining a user-based trust fund to ensure that critical road and bridge funding is not reprioritized.

In your opinion, what would be the biggest mistake we could make regarding the Highway Trust Fund in this upcoming highway bill? What would cause the most harm on future highway construction funding?

Mr. JOHNSON. Thank you for your question, Congressman.

The biggest mistake we could do is to do nothing. It is a broken system. We know it has been a broken system. And there are numerous different alternatives out there that could help fix the system. So it is just asking Congress to make a choice and hopefully fix the system for the long term.

Mr. STANTON. I really appreciate that.

By the way, the irony of it is that infrastructure investment is probably the most popular investment we can make at the Federal level. People do not mind if they need to pay more. They know they are getting an infrastructure investment, which improves their lives and they know improves their local economy.

Finally, I just have a statement.

Mr. Davis, I don't have a question, but just to say thank you to the team at Eno. The work that you do in providing support in a bipartisan way for this committee is important and will make us

have a better surface transportation bill, and it is very much appreciated.

Thank you. I yield back.

Mr. ROUZER. Mr. Johnson.

Mr. JOHNSON OF SOUTH DAKOTA. Thank you, Mr. Chairman.

Math is a stubborn thing, of course, and the math tells us that if Congress does not act, the Highway Trust Fund will be insolvent in just 3 years. And because math is such a stubborn thing, we know that if Congress does not act, that we will be in a \$50 billion hole by the year 2035.

In fact, since 2008, we have put \$275 billion from the General Fund into the Highway Trust Fund, and at the same time, of course, we don't have everybody paying into the system.

Now, a user-pays system works pretty well when everybody pays in. It really falls apart when you have free riders.

That is why I was so grateful to hear Mr. Stauber and Mr. Bracer have a back-and-forth about my bill with Deb Fischer that would make sure that everybody is paying their fair share. And I was grateful for so many of the witnesses for addressing this issue in their testimony.

And to make it clear, our bill, my bill with Senator Fischer, would just say, hey, for those EVs, they are going to pay their fair share. We have calculated what would be a fair amount if they were an internal combustion engine. Of course, we have an accounting for the heavier weight because of the battery.

It seems like it is an idea that is gaining some steam. And so, Mr. Chairman, I would ask for unanimous consent to enter this letter of support for my bill signed by 26 national associations.

Mr. ROUZER. Without objection, so ordered.

[The information follows:]

Letter to Members of Congress from 26 National Transportation and Construction Associations, Submitted for the Record by Hon. Dusty Johnson

DEAR MEMBERS OF CONGRESS:

Investing in the nation's infrastructure provides far-reaching economic benefits. Recent congressional support for roads, bridges and public transportation systems has helped deliver much-needed projects to every congressional district across the country. These improvements have enhanced safety, mobility and efficiency nationwide.

These outcomes are made possible by the continuity and predictability of funding supported by a healthy Highway Trust Fund (HTF). At present, HTF revenues are generated primarily through user fees on the sale of gas and diesel fuels, along with transfers from the General Fund to make up for insufficient revenues.

However, improvements to vehicle efficiency and the influx of hybrid and electric vehicles have resulted in a system where all users of the system are not treated fairly. Instead, some users pay for the maintenance of the system, while other users pay less or nothing at all. At the same time, user fee revenue has not met system needs.

The undersigned organizations call on Congress to pass a fee on electric vehicles comparable to what gas and diesel vehicles pay and dedicate the revenues solely to the HTF. While this solution would only partly enhance HTF revenues, it would help ensure all users of the system are paying for its upkeep.

Further, we ask Congress to oppose any measures that would strip existing revenue from the HTF. Proposals to reduce or eliminate revenue sources into the HTF would only exacerbate the challenge of paying for the scheduled 2026 reauthorization of surface transportation programs.

We are grateful for the support Congress has provided for the nation's surface transportation infrastructure network and look forward to working with you to ensure users of the system equitably pay for their maintenance and expansion.

Sincerely,

AMERICAN ROAD & TRANSPORTATION BUILDERS ASSOCIATION.	AMERICAN TRAFFIC SAFETY SERVICES ASSOCIATION.
ASSOCIATED GENERAL CONTRACTORS OF AMERICA.	NATIONAL READY MIXED CONCRETE ASSOCIATION.
AMERICAN SOCIETY OF CIVIL ENGINEERS.	NATIONAL ASPHALT PAVEMENT ASSOCIATION.
INTERNATIONAL UNION OF OPERATING ENGINEERS.	PORTLAND CEMENT ASSOCIATION.
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION.	AMERICAN SUBCONTRACTORS ASSOCIATION.
ASSOCIATED EQUIPMENT DISTRIBUTORS.	DESIGN-BUILD INSTITUTE OF AMERICA.
AMERICAN CONCRETE PAVEMENT ASSOCIATION.	ASSOCIATION OF AMERICAN RAILROADS.
AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION.	NATIONAL STONE, SAND & GRAVEL ASSOCIATION.
ASSOCIATION OF EQUIPMENT MANUFACTURERS.	PRECAST/PRESTRESSED CONCRETE INSTITUTE.
INDEPENDENT LUBRICANT MANUFACTURERS ASSOCIATION.	AMERICAN COUNCIL OF ENGINEERING COMPANIES.
AMERICAN CONCRETE PIPE ASSOCIATION.	TRANSPORTATION INTERMEDIARIES ASSOCIATION (TIA).
AMERICAN INSTITUTE OF STEEL CONSTRUCTION.	LABORERS INTERNATIONAL UNION OF NORTH AMERICA.
NATIONAL STEEL BRIDGE ALLIANCE.	NATIONAL UTILITY CONTRACTORS ASSOCIATION.

Mr. JOHNSON OF SOUTH DAKOTA. So, Mr. Johnson, any thoughts from you all or from the broader pavement and asphalt industry about our bill?

Mr. JOHNSON. I haven't read the bill, but from your question, we do think EVs—everyone should pay their share. EVs are heavier. They do weigh more than normal combustion vehicles, and they do have more wear and tear. And we believe that all users should be paying into the system to help support it.

Mr. JOHNSON OF SOUTH DAKOTA. Mr. Braceras, I was grateful to hear about Utah's experience. If we were to do something at the Federal level, would that complicate Utah's efforts, or would they mesh pretty well?

Mr. BRACERAS. I think they would mesh pretty well, Congressman. I think there are some details as I reviewed your bill that we could work through. But I think it would work really well.

Mr. JOHNSON OF SOUTH DAKOTA. Anything in particular from either of you gentleman? And, Mr. Johnson, you haven't read the bill yet, so maybe you get off the hook.

But, Mr. Braceras, is there anything we should—any way we should try to improve our bill, or do you think we are pretty close to the Goldilocks spot?

Mr. BRACERAS. As I went through this bill and talked with staff, I made the comment, "It's a very thoughtful bill." And I think there are, obviously, as these things move through the process, there are tweaks that need to be made. Right now, I look at the way the money is being received at the State level. There are different—every State receives money through different organizations, but that is all stuff that could be worked out.

So I think it is a good start.

Mr. JOHNSON OF SOUTH DAKOTA. Well, I would echo Mr. Johnson who said to Mr. Stanton's very good question that the worst thing

we could do is nothing. And I would observe that trying to make sure everybody pays their fair share is a very important ingredient, a critical ingredient in the something we must do with surface transportation reauthorization.

Mr. Braceras, let's stay with you. I suspect we all know that studies indicate that an EIS through Federal Highway takes 7 years. That is an obnoxious length of time. And it is almost a uniquely American problem. The same kind of highway project you can get done in Italy and France in 2 years does take 7 years in this country.

When the Italians seem to be a paragon of efficiency, perhaps America has lost its way.

And so I have got a bill that would, in essence, require that the agencies use a cloud-based platform to have an e-NEPA process. Of course, last week, President Trump signed an Executive order that would do much the same thing.

Your observations, sir, about my bill and the President's Executive order?

Mr. BRACERAS. Yes, I think there is a lot we can do in this country to actually move projects forward. We seem more inclined anymore to stop things than we are to build things.

So one of the things we have done in the State of Utah, we were one of the first States to take on what is called NEPA assignment. So we are the decisionmakers on the EIS for the highway side of things. And I was challenged when we first did that, is, why do you want to do that? Are you trying to shortchange the process?

And it's: no. I want to stand up with my citizens and explain why I made a decision. I don't want to point behind me and say, "The Feds made me do this." We have been able to demonstrate we can deliver environmental projects faster, both environmental assessments and EISs, significantly faster by taking on that NEPA assignment.

And I think there are other ways that we could work with the Federal Government to find—we need to build more in this country.

Mr. JOHNSON OF SOUTH DAKOTA. That is exactly properly said.

Mr. Johnson, I am sorry. I am out of time.

And I would just close by noting that given the strength of the comments by both of you, I would just ask my colleagues to look at both of those bills and consider signing on.

And with that, Mr. Chairman, I would yield back. Sorry.

Mr. ROUZER. Mr. Carbajal.

Mr. CARBAJAL. Thank you, Mr. Chairman.

Mr. Tomer, research shows that on average, States suballocate just 14 percent of transportation funds to local governments, well below the proportion of travel occurring on locally owned infrastructure. In 15 States, that share is less than 5 percent.

What does this disparity suggest about the need for Federal reforms that better empower local and regional partners?

Mr. TOMER. Yes. Thank you for the question, Representative.

I think at its core, what it speaks to is, we have some faults inside our user-pay kind of concepts. Everyone is paying but not everyone is getting their money back. And so I think there is a really fresh opportunity, particularly in this Congress, with lessons from

the IIJA period in particular, to think about, how do we make sure that the kind of fiscal resources are being returned if we are thinking about this kind of user-pay and user-benefits system that so many folks, including your colleagues here, have mentioned today.

Now, part of the challenge is the Federal Government has chosen, really for decades upon decades, to apportion the money directly to the States, and that could work. What we are seeing inside our numbers, though, is that once the States control their fiscal resources, they are not passing it back to their regional partners.

So I think the question before this Congress is, how much should, at least for Federal funds, should the Federal Government be electing where those should be, kind of who should be the recipient of those, and does it want to weigh in any further than that?

Mr. CARBAJAL. Thank you.

Mr. Tomer, metropolitan planning organizations, MPOs, serve as a vital conduit between Federal transportation policy and real-world implementation in the communities where most Americans live and work, composed largely of local elected officials.

MPOs offer both deep public engagement and regional coordination. Yet their role is often constrained by limited authority and insufficient Federal recognition.

How can Congress better elevate and support the unique role MPOs and, by extension, local governments play in advancing national infrastructure goals?

Mr. TOMER. Yes. Thank you for the question. It is great. Let me answer in two parts. I am going to be respectful to my colleagues so they have a chance to answer questions, too.

The first one is that the Congress has done some impressive experimentation with performance measurement, performance management with our metropolitan colleagues. The question is, how can we extend that beyond them, also to their State peers, thinking about what are we trying to get out of the system.

What I like about both parties is they are constantly talking about accountability, and there are some real opportunities there.

The second one is that—and let's all be frank. I mean, we actually just—we will have some upcoming research being published in a couple weeks on this. Basically every Member of Congress, no matter how it is designed, they represent a metropolitan area.

And what is so—I am going to sound like such a nerd here—but what is so cool about metropolitan areas is our jurisdictions are fixed, for the most part, unless you are like in a Nashville or Indianapolis and have some—Louisville has some fascinating expansions. But the question is at the metropolitan scale, how do we actually come together beyond those jurisdictional boundaries to actually work at the scale of where economies work.

Now, the Federal Government's opportunity here, especially because it has mandated their existence in these places, they actually exist. They are a board-like structure where municipalities come together. How can we empower them to actually deliver more?

So we personally are fans of actually passing more fiscal authority to them from the Federal level, making sure they can then work with their member municipalities and think about investments

that make sense for them and doing that alongside their State colleagues.

So there are a lot of opportunities here.

Mr. CARBAJAL. Thank you.

Mr. JOHNSON, I know we are discussing how to best fund future highway bills via user fees, but it also comes down to how best to maximize these precious resources. Can you help give me some insight on how your industry is helping stretch taxpayer dollars for road construction using materials like reclaimed asphalt, RAP?

Mr. JOHNSON. Thank you for the opportunity to speak about RAP.

The asphalt industry, reclaimed asphalt is one of the most recycled products in the world, in the country. Through the process of maintenance, we remove a lot of asphalt or remove a lot of roads, and 100 percent of that product is able to go back into our asphalt mixes.

As much as 40 percent of our new asphalt going on the road is made with recycled asphalt. It is reclaimed from other jobs. It is not going to landfills. It saves us money. It saves the taxpayers money. It saves us energy. It is one of the highlights of our industry.

Mr. CARBAJAL. Thank you.

I am out of time. I have one more question for you. So I am going to submit it, and hopefully we will get an answer from you on the record.

Mr. JOHNSON. All right. Thank you.

Mr. CARBAJAL. But thank you so much.

Mr. Chairman, I am out of time.

Mr. ROUZER. Mr. Shreve, you are recognized.

Mr. SHREVE. Thank you, Mr. Chairman.

Thanks to our witnesses.

I represent central Indiana. So I am one of those, Mr. Tomer, one of those communities that is something of a hybrid.

Keenly interested in the subject. This is our fifth subcommittee hearing. In my district, I have got the Interstate 465, the ring road around Indianapolis, and four interstate highways that traverse the district.

I am going to point this question in the direction of Mr. Burkhard.

My district is a combination of urban, suburban, and rural. And in your dense submitted testimony, you spoke about the TPA in Tennessee. And that program is just a few years in the making. It may be possible for a Hoosier to learn something from a Volunteer, possibly.

But the relevance to that program caught my eye because it spoke to freeing up funding to invest in the condensed urbanized areas so as to move dollars into some of the rural communities. And in your testimony, you spoke about the extraordinary three-to five-fold return ratio on that.

We can't begin to flesh out all the written testimony that the witnesses offer us, but if we could spotlight some of your experience that you have seen in Tennessee and what that may portend as a model as we figure out how we can fund these improvements, these—what was the term? The choice lanes in, say, 465, so as to

have more dollars to work with on our arterials that emanate out from urban centers like Indianapolis or Louisville.

Mr. BURKHARD. Thank you for your question.

Yes. Jacobs was fortunate to have been able to work on part of a P3 program in Tennessee, and the thing that I think I hear resounding is speed, speed to delivery, and that was one of the biggest results of that effort.

Tennessee sought to accelerate their investment into infrastructure and passed a resolution to put \$3 billion into State funding to add choice lanes. These choice lanes are managed lanes, they are tolled facilities, and they provide a means of revenue to help repay the investments.

And it becomes a desirable business investment from concessionaires who will take on the asset to continue to improve that asset, and they are being held accountable for those lanes for a set amount of time.

And so that is a model that we are seeing at some other locations across the State and that we participated on. Choice lanes or managed lanes is definitely a viable method.

Mr. SHREVE. Mr. Burkhard, if the act was passed by the Tennessee Legislature in 2023 and given the 7-year sort of lead time that we have accepted at the moment that it may take to build out some of this infrastructure, can we draw conclusions as to whether or not this model is working in Tennessee? Or is it very much in the beta testing stage?

Mr. BURKHARD. Yes. It is too early to tell. Although, we are already working alongside the State-appointed PMO office, program management office, consulting organization. So it has moved into high gear. And so, yes, I would say it is too early to tell.

Mr. SHREVE. All right. Okay. Thank you.

Mr. JOHNSON, just briefly. In my home State, we suffered flooding just this month. In North Carolina, you really took it on the chin.

You talked in your testimony about improvements, enhancements in the way in which we design our highways from a resiliency standpoint. Is a stretch of highway constructed today materially different in its environmental resiliency than it was 25 years ago?

Mr. JOHNSON. In my opinion, it is not substantially different from what it was 25 years ago.

Mr. SHREVE. All right. I didn't know if there was some secret sauce that we hadn't figured out at INDOT as we are building stretches of highway that are susceptible to flooding.

Mr. JOHNSON. No.

Mr. SHREVE. Not so.

All right. Thank you.

I yield back.

Mr. ROUZER. Mr. Figures.

Mr. FIGURES. Thank you, Chairman Rouzer, Ranking Member Holmes, who I know is not with us, but thank you guys for pulling this hearing together.

I represent Alabama, a part of Alabama, Mobile up to Montgomery and kind of everything between Mississippi and Georgia. So a lot of rural areas are part of the makeup of my district.

And in being in a rural district, like many of my colleagues here, we rely heavily on long stretches of Federal highways to move freight, access to essential services. This is only going to be amplified, particularly in the Mobile area but also regionally with the expansion of the port in Mobile, which come about 60 days or so, give or take, will be the deepest port in the Gulf of Mexico.

And so we expect the freight that comes through the gulf through the Port of Mobile to expand greatly, exponentially. And so it is very critical that we are focusing on trying to secure the type of sustained infrastructure investment that we struggle year over year to do.

Mr. JOHNSON, I want to start with you because you had a colleague here at one of our last hearings, Janet Kavinoky from Vulcan, headquartered in Alabama, not quite in my district but up in Birmingham, and she testified earlier about the importance of the Highway Trust Fund.

Can you give me a little more detail on what the asphalt industry as a whole can do to extend the Highway Trust Fund dollars?

Mr. JOHNSON. The asphalt industry, like is stated in a couple of other questions, we constantly are trying to improve our cost structure, trying to make asphalt as cheap as possible, make the quality as long life as possible, constantly trying to find ways to be innovative through different design methods and using recycled materials to make those dollars go as far as possible.

Mr. FIGURES. And, Mr. Davis, from your perspective, does the Highway Trust Fund in its current status, does it sufficiently account for the infrastructure needs in low income—low population, rather—in rural communities across the country?

Mr. DAVIS. At present, it is not satisfying all the needs anywhere because even though the spending has crept up substantially in the last couple years, cost inflation on materials and labor has crept up even higher. So it is not getting the job done in rural areas.

But that is not to say that rural areas are being disproportionately discriminated against with funding. Things are rough everywhere.

Mr. FIGURES. Do you have any particular ideas that this committee should keep in mind to make sure that—because as I see it and throughout my lifetime coming from Alabama, you have your main cities in Alabama, which for the most part, they are located right on main interstates, as they are everywhere, Mobile, Montgomery, Birmingham, Huntsville.

Then you get to these long stretches in between those cities, and those are often the forgotten territories in terms of investments, infrastructure, and otherwise.

Do you have any specific ideas that we can do to keep in mind to make sure that we are continuing to flow those investments, Highway Trust Fund investments, to those rural and lower population communities?

Mr. DAVIS. In this case, it kind of begins and ends with the State DOT because the Federal Government doesn't particularly prescribe the degree to which the dollars given to the States have to be spent, urban versus rural.

I believe 55, 60 percent of one program gets suballocated by population, but that doesn't really account for the vast majority of spending.

And Congress has traditionally been hesitant to force more urban versus rural highway decisions on States, preferring to let them make their minds up themselves.

Mr. FIGURES. Yes. And this is for anyone who wants to chime in on it. But we have talked about the need for the balance between EVs and the emerging EVs on the road to contribute to the Highway Trust Fund.

How do we go about—how do you guys suggest that we go about doing that in a more efficient way, given how they are charged, like how they receive their fuel?

I guess we will start right here with you, Mr. Braceras.

Mr. BRACERAS. Congressman, was the question how would we start to implement an EV charge?

Mr. FIGURES. No. How do you guys suggest that we go about collecting—

Mr. BRACERAS [interrupting]. Oh, yes. I think that is the big question for road usage charge.

I think the way to do this is through the telematics in the vehicle. So we have got about 50/50 of our customers right now are either choosing to do an odometer read and send that picture of the odometer read to us, or we have agreements with the OEMs, the car companies, and they will then give us just that mileage that that car is driven within our State.

That it the most cost-effective way we have found, because we have done these plug-ins into the OBD-II port, and that is more expensive. And so I am pretty sure if the phone companies figured out how to charge a lot of people, we could probably figure out how to charge a lot of people as well.

Mr. FIGURES. Well, thank you guys for your time and patience. And I yield back.

Mr. ROUZER. Mr. McDowell, you're up if you're ready.

Mr. MCDOWELL. Thank you, Chairman.

The funding mechanism of the Highway Trust Fund was designed to set up a self-replenishing source of funding for infrastructure projects, but for nearly two decades, the fund has been sustained through transfers from the General Fund of the Treasury.

The Congressional Budget Office's most recent projections show that once the current surface transportation bill expires, the Highway Trust Fund will have a \$142 billion shortfall over the next 5 years.

The funding structure established in the 1950s simply does not work in the 21st century. We have all seen the increasing number of hybrid and fully electric vehicles on the road, especially over the past few years. I am all for consumer choice, but EV owners have been reaping the benefits of the highway system without contributing their fair share for long enough.

Despite making up a growing proportion of cars on the road, EVs avoid paying the user fees that other vehicle owners pay in the form of fuel taxes, all while causing way more wear and tear on road surfaces.

According to the Department of Transportation's own data, EV batteries are heavier, sometimes up to 50 percent heavier, than the traditional internal combustion engines that they are replacing. The cost and frequency of road repairs is increasing, and we must consider ways that all road users can be a part of the solution. Simply put, EVs cannot continue to get a free ride.

As the witnesses today have already attested to, the stability of the Highway Trust Fund impacts each State's ability to prioritize roadway improvements, which are vital to keeping drivers safe on the roads we all use.

North Carolina is a prime example of a State that stands to lose a lot if Congress does not act to fix this funding shortfall. Our State's population is growing, resulting in more drivers on the roads. This growth, coupled with the increased costs of construction due to inflation brought on by the previous administration, will continue to raise both the cost and frequency of highway repairs.

When viewed through this lens, adding hurricane damage in the mix is like throwing lighter fluid on a fire.

As a proud Congressman from the State of North Carolina, I am going to ensure that my State has the resources it needs to tackle these safety challenges head on.

I want to thank the witnesses for being here to testify today before this subcommittee, and I look forward to the discussion today.

Mr. Johnson, I appreciate you being here. For those that may not know, the company—Fred Smith Company—has been operating and growing in North Carolina for nearly 100 years. It has over 1,200 employees across my home State. There are even a couple of Smiths that live in my district.

But today, you are representing the asphalt pavement industry, which has operations in every State across the country. And, in fact, the Bureau of Transportation Statistics at DOT estimates that one-tenth of our Nation's workforce is directly employed by transportation-related industries.

So the value of your perspective and the work that this committee accomplishes has a significant impact on your business plans. With that in mind, does the Highway Trust Fund solvency help with your company's projections regarding what projects you bid on for a slate of work during a given paving season?

Mr. JOHNSON. Yes. Thank you, Congressman.

So our State DOT does a really good job projecting out projects that they have in their plans, and we count on those for our planning and our future investments. And when we see those jobs sliding because of funding, lack of funding, then we are hesitant to pull the trigger on making additional investments in our company, in our asphalt plants, and in hiring more employees and training our employees for future positions due to growth.

So without that consistent funding, it definitely makes us question and not pull the trigger on certain investments.

Mr. MCDOWELL. Gotcha.

As you mentioned in your testimony, North Carolina ranks second in the Nation for the number of State-maintained roads with more than 80,000 miles of highway and over 13,500 bridges.

Could you briefly describe the importance that HTF funding has across our State alone, and how do variables, such as hurricane

damage or projected population growth, magnify the scope of that impact?

Mr. JOHNSON. So the HTF funds about 25 percent of our total roadway program in the State, which is very significant. We perform a lot of projects for Fred Smith Company and others across the State that would not happen without the HTF.

And as you mentioned the hurricane, we met with the State DOT last week, and they are anticipating a \$5 billion cost to repair Hurricane Helene, and we are looking at some serious deficits in the State funding due to that.

So the FHWA has been working very well with the State DOT to reimburse those funds. So we appreciate that. But it is a big mountain to climb.

Mr. McDOWELL. Sure thing. Thank you, sir.

And, Mr. Chairman, I yield back.

Mr. ROUZER. Mr. Taylor.

Mr. TAYLOR. Thank you, Chairman Rouzer and Ranking Member Norton, for holding this hearing today.

Thank you to our witnesses for their time and testimony. I know it is a big sacrifice to be here, and we appreciate you all very much.

I represent a very rural part of Ohio. It is a place where we have 4 of the 5 poorest counties and 9 of the 20 poorest counties in the State of Ohio. So I would like to focus for a minute on the selling points we have had for VMT.

Mr. Burkhard, the only basis for VMT being sold as a benefit to rural communities today that I have heard is that their cars get worse mileage. Are there others? Just so I am clear.

Mr. BURKHARD. Are you asking if there are other sources other than—

Mr. TAYLOR [interrupting]. Somebody else asked you how it was cheaper for rural communities to have VMT.

Mr. BURKHARD. Yes.

Mr. TAYLOR. And you just said gas mileage. Are there any others?

Mr. BURKHARD. Yes. There were studies done through the TETC, which is The Eastern Transportation Coalition, I-95 corridor. And they did studies with Georgia and Maryland and determined that rural participants ended up paying anywhere from 7 to 9 percent less than they would have paid with a fuel tax.

Mr. TAYLOR. Okay. This is from a study done where? I am sorry.

Mr. BURKHARD. This is through the TETC, which is The Eastern Transportation Coalition which, among other things, supports mileage-based user-fee studies with several of its member States, and this is a study that was done through that program.

Mr. TAYLOR. So they said they paid less, but were there reasons other than the fact that their cars are getting worse mileage or just that is the [inaudible] that came out of that?

Mr. BURKHARD. Yes, sir. Mostly it was due to the fact that their vehicles were lower gas mileage. So the idea of mileage-based user fee is that everyone pays the same amount per mile. And as it is now, people are unfairly burdened when they have vehicles that have lower gas mileage and that tends to—

Mr. TAYLOR [interrupting]. Okay. So what I am hearing is no other reason besides their cars get worse mileage.

Mr. Davis, do you know of any other reason that it is supposed to benefit rural communities other than their cars get worse mileage?

Mr. DAVIS. No. Generally speaking, VMT is traditionally a little higher in the rural areas than urban, although the growth lately has been more in urban than rural.

Mr. TAYLOR. Does anyone know, either of you two know what the baseline miles per gallon they use for urban and suburban areas versus rural areas? Or did they just test a few cars? Does anybody know about the methodology?

Because it really doesn't make a lot of sense to me that, say, you get 28 miles per gallon driving in a suburban area. I would think you would get less than that in an urban area because you are sitting at stoplights all the time. Say you get roughly 20 in a rural area, it is——

Mr. BURKHARD [interrupting]. I think it is 23, but we can get back to you on that.

Mr. TAYLOR. Twenty-three for?

Mr. BURKHARD. Twenty-three miles per gallon.

Mr. TAYLOR. Which? For rural or for nonrural?

Mr. BURKHARD. For rural.

Mr. TAYLOR. Okay.

Mr. BURKHARD. Yes.

Mr. TAYLOR. Okay. So that makes it even better for the rural folks. So say you are averaging 28 in nonrural areas, it is like now it is going to be probably a 12- or 13-percent difference in mileage. In my district, probably a 200-percent difference in miles driven. That is not really sustainable. It doesn't make sense to me that that would save the people in my district money.

I mean, am I explaining myself to where it makes sense?

Okay.

And, again, there is no other basis for it?

Okay. All right. Thank you. I appreciate that very much.

Before I served in Congress, I owned a ready-mix concrete business. So I will echo some of Congressman Collins' comments from earlier. But I know the planning and work that goes into carrying out infrastructure projects.

Mr. Johnson, how is the projected shortfall on the Highway Trust Fund impacting the asphalt pavement industry regarding project timelines, workforce stability, and project planning? You only have 30 seconds, but if you want to hit the highlights and you want to add stuff later, you can submit it.

Mr. JOHNSON. Yes. Of course.

So the shortfall has slowed down projects. It slowed down projects. It has slowed down our growth. It has made the environment much more competitive. And it is delaying projects, which is impacting our entire industry significantly.

Mr. TAYLOR. Thank you, everybody.

And I yield back, Chairman.

Mr. ROUZER. Mr. Kennedy, you are recognized.

Dr. KENNEDY OF UTAH. Thank you, Mr. Chair. It is a pleasure to be here, and I am grateful for this important hearing being convened.

Our Nation's infrastructure is the backbone of economic opportunity, public safety, and quality of life. For decades, the Highway Trust Fund has played a role in building and maintaining that backbone. Yet today, we face a stark reality. The trust fund is on an unsustainable path, threatening the ability of States and localities to plan and deliver critical projects.

We must work together to create a durable path forward that restores certainty, empowers innovation for States, and meets the needs of a growing and dynamic America.

Mr. Braceras, as a friend from Utah I have known for many years, as we talked about at the earlier part, I will ask you a series of questions, if that is all right.

We both know Utah has been a national leader in piloting road usage charge programs. Can you speak to the lessons learned from Utah's experience with RUC programs and how it could translate to sustainable transportation funding efforts nationally?

Mr. BRACERAS. Yes. Thank you, Congressman, for that question. I thought you had been promoted there for a minute, but that was quick.

Dr. KENNEDY OF UTAH. For a minute, yes.

Mr. BRACERAS. So going back to probably 2003, 2004, that is when our legislature kind of looked at transportation funding across the board and determined that we are not going down a sustainable path. And that is where the road usage charge program came from.

So I would say a lesson learned for us in this is you have to lead with your policy principles. You can't just jump into a program and say this mathematically makes sense. You have to lead with the policy principles.

So we focus on protecting people's privacy. We don't use the word: we are going to "track" you. That is not what anyone wants. And so we think that through.

One of the questions that Congressman Taylor asked earlier about benefits to rural citizens, one of the things that we found where the Farm Bureau was part of our convening board and coming up with the policies was, we wouldn't charge if you are not on a public road.

So rural users spend more time on nonpublic roads than urban users. And so by having the ability to not charge when you are on private roads, that was a benefit that the rural community found in this.

Now, I think—I don't see the road usage charge being as this panacea that is going to solve the problem. And we look at this as it is a combination of multiple revenue sources. So as we start to see more vehicles participate in the road usage charge program, we are trying to imagine that matching up with the decline in the purchasing power of the fuel tax.

So, we in Utah, we not only increased the 5-cent gas tax increase in 2015, but we also indexed it, and we have indexed that to CPI. And so every year, that is adjusted to CPI. Every year, we are seeing road usage charge coming in, and we also bring in General Fund moneys to do our capacity projects.

So basically, fuel tax, both Federal and State, is being used, the user fee is being used to operate and maintain the roadways, that

day-to-day activities. And the capital expansion is coming from our statewide sales tax of which, by statute, it is earmarked at 27.5 percent of the General Fund is going to just capacity projects.

And so we found that it is going to take several revenue sources to be able to solve because there is so much need out there.

Dr. KENNEDY OF UTAH. Thank you for that answer.

I will add the idea that comes to me is, it is important—and we have worked on these things, you know that I have been in healthcare my whole career—and the Medicaid parameters around a Federal-State partnership.

I am interested in your thoughts. If we go 50 years in the future, as the decades unfold, what role do you see States playing in collaboration with the Federal Government over the next 50 years in regards to funding, maintaining, building these roads, bridges, and other infrastructure that we need?

Mr. BRACERAS. I think that is one of the successes that we have in this country, it is the Federal, State, local partnerships. The projects are picked through a collaboration with local governments and the State government, but it is a State-administered, federally assisted program.

We can't do this without the Federal Government, because this is a national transportation system that every State depends on. Our economy, our security depends on this. And so what I see going forward is, I anticipate we are going to see much greater dependence on road usage charging for that operation and maintenance piece.

But I believe as a country we still need to make a commitment that we are going to continue to build new projects, new transit projects, new road projects, because that is going to be what is going to generate the economic growth in our country.

Dr. KENNEDY OF UTAH. Thank you for that statement.

And I will finish this by saying that there is a great deal of red-tape and difficulty that we put on ourselves through Federal oversight and regulatory burden, and I, along with many others, are interested in reducing and eliminating, when necessary, those regulatory frameworks that actually are nonfunctional for us.

With that, Mr. Chair, thank you for the time to ask these questions.

Thank you to the witnesses for their willingness to be here and take their time with us.

And I yield back.

Mr. ROUZER. Mr. Kiley.

Mr. KILEY OF CALIFORNIA. Thank you, Mr. Chair.

Underlying today's discussion about how we can shore up the Highway Trust Fund has been sort of an implicit premise—or at least sometimes this premise is there—that the more we spend, the better our roads are going to be, the better our transportation infrastructure is going to be. But that premise is not necessarily true.

Most obviously, when you just look at the fact that inflation has caused the cost of building to go up so much in recent years, I think it is something like 40-percent reduction in the purchasing power under the Infrastructure Act since it passed.

But another example of that would be my own State of California, which has the highest gas tax of any State in the country,

yet has among the worst roads. And our taxpayers seem to pay more and more while the potholes get deeper and deeper.

And so, Mr. Braceras, you seem to have had some success in Utah in terms of actually getting a better return on your investment. So would you have any advice to us in California as to how we can do better?

And maybe, Mr. Johnson, if you also wanted to weigh in on this broader question of how, apart from the question of how we shore up the trust fund, how do we actually get more of a return on the funds we are investing?

Mr. BRACERAS. Thank you for that question.

So I think one of the ways to get more return on the investment is the predictability of the funding. We can be more strategic. We apply an asset management, every State DOT, asset management business approach to try to determine which project to do and at what time. If you can do the right project at the right time, you can get better outcomes.

And so that predictability, knowing that you are going to have X amount of money coming in every year, allows you. And recognize that pavement conditions, bridge conditions, especially in a large State like yours, take a long-term commitment. You need to look at trends.

So what we did is in the mid-2000s, we realized at that time we didn't have enough money to maintain all of our roads at the same standard that we felt we needed to. So we stopped maintaining what we called low-volume roads. We did reactive maintenance, is all we did.

And we showed our legislature every year that we predict with this investment this is going to be the pavement condition, the trends that you are going to see. And then we told them that with a 5-cent gas tax, we could turn that condition around and start to improve it. And we have been able to do that with performance measures.

So I think holding States and local governments accountable for outcomes, give them the flexibility to figure out how to do it, what projects to do it with, but hold them accountable for outcomes and realize that these investments in infrastructure, you have to look at trends that take a long time to turn a very large ship.

Mr. KILEY OF CALIFORNIA. So, sir, what does that accountability look like with the performance measures?

Mr. BRACERAS. I am sorry?

Mr. KILEY OF CALIFORNIA. What does the accountability look like with those performance measures?

Mr. BRACERAS. So for us in Utah, in this one case, we were looking at pavement condition. And so we were using the performance measure that the public sees, the seat of their pants. We call it IRI, International Roughness Index.

But what we were actually using with the engineers in the back room was Overall Condition Index, looking at all the distresses within the pavement system. And we were using that asset management approach to predict with different investment levels what that outcome would look like.

Does that make sense?

Mr. KILEY OF CALIFORNIA. Yes. And you said but the accountability part is if the locality doesn't meet that standard, what happens then?

Mr. BRACERAS. Yes. So I don't get taken to the woodshed. I would probably get fired. But for my legislature, every year, we are reporting how we are doing with that investment. So reporting on safety, pavement condition, bridge condition, mobility. We are looking at delays.

All of those things take place almost on a monthly basis by legislature, and that is really, I think, the accountability process where they are making sure we are investing all the dollars, the State dollars and the Federal dollars, to get the best outcomes.

Mr. KILEY OF CALIFORNIA. That is very helpful. Thank you.

And, Mr. Johnson, do you have anything you wanted to add?

Mr. JOHNSON. Sure. Yes. I agree with Mr. Braceras. It definitely falls on the State DOTs. And they need predictable funding so that they can plan the maintenance preparations and they can prioritize which projects are most important so they can get them on schedule and they can hold those schedules. Because delay in schedules does nothing but make congestion worse and the cost go up.

Mr. KILEY OF CALIFORNIA. Thank you very much.

I yield back.

Mr. ROUZER. Mr. Owens, you are recognized.

Mr. OWENS. Thank you, Chairman Rouzer and Ranking Member Norton.

I thank our witnesses today for joining us.

For nearly 70 years, the Highway Trust Fund has connected our communities and facilitated the interstate commerce that has made America the economic envy of the world. However, for too long, we have kicked this Highway Trust Fund solvency down the road, as it is a problem that will not go away, and it hasn't.

In Utah's Fourth District, one of the fastest growing regions in the country, infrastructure projects are meticulously studied, planned, and executed, sometimes decades in advance. To support these projects and others across the country, this community must pursue predictable, reliable, and fiscally responsible solutions that empower States and support innovation.

Mr. Braceras, it is an honor again to host you today. Your presence today reflects your outstanding leadership at UDOT and Utah's role as a national leader in innovation and infrastructure solutions.

Could you please share with the committee what actions the State of Utah has taken to shore up its transportation funding over the past years, particularly as the State's population has grown.

Mr. BRACERAS. Thank you for that question, Congressman.

So in the State of Utah, we rely heavily on the Federal program. It makes up just under 18 percent of our total funding for a \$2.5 billion budget, is what we manage in the State of Utah.

So we are, compared to a lot of States, we are a relatively small State by population, we are a large geographic State, but we are a very urban State as well.

And so the Federal program is critical. We use that mostly, almost exclusively, to take care of our pavements and our bridges, our Federal program.

And then we use the State's gas tax money to operate the system and also do things like install traffic signals, turn lanes, passing lanes, those types I will call them operational fixes.

And then we use the State general sales tax, 27.5 percent of the statewide general sales tax, where the legislature has determined there is a nexus. So we have been talking a lot about user fees here. The legislature determined there is a nexus between the vehicle sales, sales of vehicles, and vehicle-related services. And that was the nexus that they used to establish the percentage.

And that percentage is used for capacity projects, and we use it for highway capacity projects, as well as transit capacity projects, as well as active transportation projects that we are doing around the State.

And so that is kind of the funding. We also have aviation, rural transit program, and other funding pieces, but that is the major solutions that our legislature has determined. Because if we are going to continue to grow, transportation is one of those foundational elements to our quality of life and our economy.

Mr. OWENS. Okay.

And could you also please outline what it would mean for the State of Utah if Congress does not address the long-term solvency of the Highway Trust Fund?

Mr. BRACERAS. Yes. Sorry, sir. Was it how would we propose addressing?

Mr. OWENS. Yes. What would it mean to our State if the Congress does not address this long-term solvency problem?

Mr. BRACERAS. Oh. Yes. Thank you for that.

So every State develops what we call a 5-year STIP, Statewide Transportation Improvement Program. And so here the IIJA is about to expire here in September of 2026. We all are making decisions because we have 5 years of projects because we have to get the projects ready to go.

We are all making guesses of what Congress is going to do in terms of what your funding level is going to be. I have chosen to be conservative, and I have programmed flat.

So I have taken the last year of funding for IIJA, and I am assuming we are going to at least have a flat budget because basically the STIP is a commitment of projects. It is a promise that I am making to our citizens that we are going to deliver those projects.

So if Congress brings more money in, I am going to scramble to find the projects to fill that up. If Congress does not fund it at that last level, then we are going to be cutting projects—we don't cut them. We push them back. We delay those projects.

And so that is why it is critical. If we want to deliver projects on time at the best cost and get the best outcomes, we need to have that predictability.

And I would suggest that funding the formula programs provides the States the best predictability to be able to get projects out so our partners, the contractors, the consultants—they need to plan. They need to have predictability to make the investments they need to deliver the projects that we ask them to do.

Mr. OWENS. Thank you.

I just want to kind of wrap up by saying I have made the point as often as I can that Utah should be the model. We innovate. We grow. We collaborate like no other State in the Union. So I hope they take my advice and use Utah as that example.

Thanks so much. Appreciate it.

I yield back.

Mr. ROUZER. The gentleman yields back.

Are there any other questions from Members who have not yet had the opportunity to ask?

I don't see any.

And, therefore, I want to thank our witnesses. Appreciate your testimony today. It was very helpful, very instructive, a lot of good dialogue here that will be very helpful as we move forward.

So, with that, the subcommittee stands adjourned.

[Whereupon, at 1:01 p.m., the subcommittee was adjourned.]

SUBMISSIONS FOR THE RECORD

Prepared Statement of Hon. Rick Larsen, a Representative in Congress from the State of Washington, and Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chairman Rouzer and Ranking Member Norton, for holding this hearing.

The Subcommittee has explored through the “America Builds” hearing series why robust investment in our transportation infrastructure matters. Today, we will discuss how to keep the long-term funding certainty for highway and transit programs going—by discussing the future of the Highway Trust Fund.

The Highway Trust Fund provides predictable and steady funding for states, counties, cities, Tribes and transit agencies to build and maintain roads, bridges, freight corridors, transit systems and bike and pedestrian infrastructure. These investments keep our economy moving and our communities connected, getting people and goods where they need to go.

Highway Trust Fund dollars are uniquely reliable, since they are shielded from the ups and downs of the annual appropriations process and government shutdown threats. Predictable funding over several years allows states and localities to plan and deliver complex infrastructure projects. Predictable cash flow also translates into dependable, good-paying jobs for workers. However, over the past two decades, the Trust Fund has faced an ongoing shortfall, requiring multiple interventions from Congress to keep grants, safety improvements, and workforce development initiatives going.

Congress has not raised the federal gas tax since 1993. Not surprisingly, the revenue from gas and diesel taxes does not buy what it used to in infrastructure projects. If the federal fuel taxes were indexed to inflation, the current 18.3 cent tax on gasoline would be over 40 cents per gallon and the diesel tax would be over 53 cents per gallon (compared to 24.3 cents today).

Congress has transferred \$275 billion in General Fund revenue into the Highway Trust Fund since 2008 to keep investments going. States have also stepped up to fill in some of the lost fuel tax revenue. Since 2013, 35 states and Washington, DC, have increased their state gas taxes. Additionally, at least 39 states assess annual EV fees, ranging from \$50 to \$290. Electric vehicles are not the cause of today’s Trust Fund insolvency—but as they become more prevalent, incorporating them into a user-pays system is appropriate.

The Bipartisan Infrastructure Law also funded state and national pilot projects to study the viability of transitioning from a fuel tax to a road user charge. As states continue to explore options to fund transportation investment, Congress can learn from these efforts. There are many options to fund transportation investments that Congress will have to debate ahead of the next reauthorization bill. However, what should not be up for debate is whether we continue to invest in our nation’s transportation infrastructure at the BIL’s robust levels.

What also should not be up for debate is that the entities who, thanks to the BIL, now reap the benefits of federal support—cities, counties, tribal governments, and MPOs—must continue to have access to reliable funding. These entities are active participants in solving transportation problems and know local needs best. As we will hear in testimony from Mr. Tomer today, these entities also own proportionally more infrastructure than they get support for in federal dollars compared to their state partners. Reliable highway, transit, and rail funding in the BIL has supported 90,000 infrastructure projects that are underway in every congressional district.

My home state of Washington has benefited from \$3.3 billion in Highway Trust Fund dollars, putting women and men to work modernizing our infrastructure. Last month, the American Society of Civil Engineers’ Infrastructure Report Card showed that we are making progress in improving our infrastructure and called for sustained investment to keep the momentum going. Additionally, the National High-

way Traffic Safety Administration reported that last year was the first time since 2020 that roadway fatalities fell below 40,000, a testament to the BIL's focus on safety.

These encouraging signs of progress are years in the making and will need sustained support to continue. The BIL's down payment on our future should be the norm, not the exception, going forward. A cleaner, greener, safer, and more accessible transportation system is possible, but it requires continuing serious investment.

I look forward to hearing from our witnesses today about sustainable funding solutions to address state and local infrastructure needs.

Letter of April 29, 2025, from John A. Costa, International President, Amalgamated Transit Union, Submitted for the Record by Hon. David Rouzer

APRIL 29, 2025.

DEAR REPRESENTATIVE:

On behalf of the nearly 200,000 members of the Amalgamated Transit Union (ATU), the largest union representing transit workers in the United States, I write in support of Chair Sam Graves and the House Transportation and Infrastructure Committee's effort to support public transportation by working to close the massive shortfall in the Highway Trust Fund (HTF).

The federal gas tax is no longer capable of sustaining the HTF on its own. New sources of revenue are needed to ensure that Congress will not have to continually bail out the HTF through General Fund transfers.

ATU appreciates the Committee's protection of the Federal Transit Program and recognition of the key role it plays in sustaining our economy. Every \$1 invested in public transportation generates approximately \$5 in economic returns. Each year, millions of Americans, including many union members, rely on the bus or train to get to work every day. ATU looks forward to working with the Committee in the months ahead as it works to reauthorize the vital transit programs which provide the resources to help ATU members move our nation.

Sincerely,

JOHN A. COSTA,
International President, Amalgamated Transit Union.

Letter of April 29, 2025, to Hon. Sam Graves, Chairman, Committee on Transportation and Infrastructure, from David C. Bauer, President and Chief Executive Officer, American Road & Transportation Builders Association, Submitted for the Record by Hon. David Rouzer

APRIL 29, 2025.

The Honorable SAM GRAVES,
Chairman,
Committee on Transportation and Infrastructure, U.S. House of Representatives,
Washington, DC 20515.

DEAR CHAIRMAN GRAVES:

The American Road & Transportation Builders Association strongly supports the package of highway user fees released today as part of the House Transportation & Infrastructure (T&I) Committee's budget reconciliation proposal.

The user fee concept has been a cornerstone of federal investments in critical highway, bridge and public transportation improvements since the creation of the Interstate Highway System nearly 70 years ago. These resources support the national infrastructure network that serves as the circulatory system of the U.S. economy and enables the personal mobility synonymous with the freedom entitled to every American.

Highway Trust Fund (HTF) revenues, however, have not kept pace with the growing demands placed on the nation's surface transportation system, thereby necessitating the practice of relying on federal general funds to supplement a revenue base that has remained static for over 20 years. As a result, state transportation improvement programs that rely on federal-aid for over 50 percent of their capital investments have been plagued by uncertainty from recurring trust fund revenue shortfalls.

The proposal you are advancing would restore equity to the HTF's user fee foundation by ensuring owners of electric vehicles financially support improvements to the road and bridge network from which they directly benefit and begins an overdue dialogue about how to pay for future federal surface transportation investments.

We urge all members of the House T&I Committee to support your proposal to help provide their states with a robust and reliable federal partner in the shared goal of delivering a 21st century national surface transportation network.

Sincerely,

DAVID C. BAUER,

President & CEO, American Road & Transportation Builders Association.

Statement of Ian Jefferies, President and Chief Executive Officer, Association of American Railroads, Submitted for the Record by Hon. David Rouzer

On behalf of the members of the Association of American Railroads (AAR), thank you for the opportunity to provide this statement for the record. AAR freight railroad members account for approximately 84 percent of U.S. freight railroad mileage, 93 percent U.S. freight rail employees, and 97 percent of U.S. freight rail revenue. The major freight railroads in Canada and Mexico are AAR members, as are Amtrak and several commuter rail systems.

RAILROADS ARE INDISPENSABLE TO OUR ECONOMY

For nearly 200 years, freight railroads have been central to America's economic development, linking businesses across the country and around the globe. Today, railroads serve nearly every industrial, wholesale, retail, and resource-based sector of our economy. Each year, America's freight railroads transport more than 1.5 billion tons of freight and 28 million carloads and intermodal units—including huge volumes of agricultural products, chemicals, construction materials, food, manufactured goods, energy supplies, industrial equipment, and more—across a network spanning more than 135,000 miles.

Freight rail also offers significant public benefits. A single train can take hundreds of trucks off the highways, alleviating congestion and reducing taxpayer costs associated with highway construction and maintenance. On average, railroads are three to four times more fuel efficient than trucks, meaning moving freight by rail instead of truck reduces greenhouse gas emissions by up to 75 percent. Rail employees are also highly compensated: in 2023, the average U.S. Class I freight rail employee earned total compensation of \$149,000. By contrast, the average compensation per full-time equivalent U.S. employee in 2023 was \$97,200, just 65 percent of the rail figure.

Unlike trucks, barges, and airlines, America's privately-owned freight railroads operate overwhelmingly on infrastructure they own, build, maintain, and pay for themselves. From 1980 to 2024, America's freight railroads spent nearly \$840 billion (approximately \$1.36 *trillion* in today's dollars) of their own funds on capital expenditures and upkeep expenses related to locomotives, freight cars, tracks, bridges, tunnels and other infrastructure and equipment. "Crumbling" might describe some U.S. infrastructure, but not freight rail.

RAILROADS AND TRUCKS: PARTNERS AND COMPETITORS

Rail intermodal is the long-haul movement of shipping containers and truck trailers by rail, combined with a truck or water movement at one or both ends. Intermodal allows railroads, ocean carriers, trucking companies, and intermodal customers to take advantage of the best attributes of various transportation modes. Today, just about everything on a retailer's shelves, as well as many industrial goods such as auto parts, may have traveled on an intermodal train. Intermodal now accounts for approximately 25 percent of U.S. freight rail revenue, more than any other traffic segment.

Railroads and trucks are partners on most intermodal shipments, working seamlessly together to deliver safe, reliable, and cost-effective transportation services. At the same time, though, railroads and trucks are fierce competitors. Virtually every intermodal shipment that moves via rail and truck could move solely by truck if rail rates and service offerings were not competitive. In addition, railroads and trucks compete intensively for vast segments of the non-intermodal freight market, with customers choosing which mode to use based on which one provides the best overall value. For the freight transportation system to function at its best, it is es-

sential that rail and truck carriers compete on a level playing field, with policies that do not tilt the market in favor of one mode over the other.

Unfortunately, that's not the case today. The United States has historically relied on a user-pays system to fund investments in highway infrastructure, but revenues into the Highway Trust Fund (HTF) have failed to keep pace with spending needs. According to a recent report by Congressional Budget Office (CBO), balances in both the highway and transit accounts of the HTF will be exhausted in 2028. The CBO says that if the taxes that are currently credited to the trust fund remained in place and if funding for highway and transit programs increased annually at the rate of inflation, the shortfalls accumulated in the HTF highway and transit accounts from 2024 to 2033 would total \$241 billion.¹

This shortfall has previously been covered by transfers from the general fund, but general fund transfers to the HTF distort the freight transportation marketplace in favor of trucking and put other transportation modes at an unfair competitive disadvantage. This is especially problematic for railroads, which build, maintain, and pay for virtually all the infrastructure over which they operate.

Studies indicate that trucks cause the overwhelming share of the damage to our nation's roads and bridges as compared to other vehicles, and the fuel taxes and other fees heavy trucks pay do not come close to covering the costs of that damage.² The taxes and fees trucks pay to help maintain our nation's roads and bridges have not been substantially changed since 1993, resulting in a multi-billion-dollar annual underpayment compared to the damage trucks cause.

Congress should remedy this modal inequity by either increasing the fuel tax or imposing a vehicle-miles traveled fee or a weight-distance fee for motor carriers. An appropriate user fee would be self-sustaining; would not increase taxes or fees for non-highway transportation modes; and would create a competitive tax environment across modes. While AAR supports ensuring that electric passenger vehicles contribute to the HTF in proportion to the wear they cause on highways, Congress must also ensure that the same standard applies to commercial motor vehicles, whether electric or diesel-powered.

On a related note, Congress should reject calls to increase federal truck size and weight limits until, at a minimum, trucks pay the full cost of the damage they cause to our roads and bridges. The existing multi-billion-dollar annual underpayment would become even greater if truck length and weight limits were increased. Raising truck size and weight limits would also artificially shift freight from rail to truck. Given rail's inherent environmental advantages and the many other benefits of moving freight by rail, imposing artificial impediments to rail, such as increasing federal truck size and weight limits, is not sound policy.

CONCLUSION

All transportation modes are crucial to our nation, and railroads agree that non-rail U.S. transportation infrastructure should be world-class, just as U.S. freight rail infrastructure is world-class. Everyone involved in freight transportation knows that no country can be a first-rate economic power without first-rate logistics and transportation capabilities across modes.

Moreover, when it comes to transportation, we are all in this together. The various modes of transportation compete fiercely against each other. That competition is both healthy and necessary. But the modes also cooperate extensively in countless markets, and that cooperation is essential too. It is therefore entirely fitting that policymakers recognize and support the interdependence of our supply chains.

I respectfully suggest, though, that current public policy does not always reflect the full value railroads offer. Freight rail represents a viable and socially beneficial complement to highway freight movement. This does not mean we should stop building highways or ignore the vital role trucks play. But it does mean policymakers should more fully account for the economic, environmental, and infrastructure benefits that freight railroads provide. A balanced policy framework that recognizes rail's potential will help ensure a more efficient, more resilient, and more sustainable freight transportation system for the nation.

¹ Testimony of Chad Shirley, Principal Analyst Microeconomic Studies Division, Congressional Budget Office before the U.S. House of Representatives Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure, October 18, 2023.

² Congress should require that the Federal Highway Administration finalize the highway cost allocation study required in the last surface transportation reauthorization. This would provide needed precision regarding the damage to our nation's roadways caused by each highway user class.

Letter of May 13, 2025, to Hon. David Rouzer, Chairman, and Hon. Eleanor Holmes Norton, Ranking Member, Subcommittee on Highways and Transit, from David R. Hill, Executive Vice President—Energy, Bipartisan Policy Center, Submitted for the Record by Hon. David Rouzer

MAY 13, 2025.

The Honorable DAVID ROUZER,
Chairman,
Highways and Transit Subcommittee, House Committee on Transportation and Infrastructure, Washington, DC 20515.

The Honorable ELEANOR HOLMES NORTON,
Ranking Member,
Highway and Transit Subcommittee, House Committee on Transportation and Infrastructure, Washington, DC 20515.

RE: House Subcommittee on Highways and Transit Hearing on “America Builds: The Need for a Long-Term Solution for the Highway Trust Fund” (April 29, 2025)

DEAR CHAIRMAN ROUZER AND RANKING MEMBER NORTON,

The federal Highway Trust Fund (HTF), which supports the construction and maintenance of our nation’s highways and transit systems, is facing a cash flow crisis. Since the gas tax is not currently indexed to inflation, its purchasing power has decreased significantly since 1993, when it was last raised. Reduced purchasing power and fuel consumption have led the HTF to become increasingly reliant on transfers from the U.S. Treasury Department’s general fund—over \$275 billion since 2008—to maintain spending at the levels authorized by Congress.

According to the Congressional Budget Office’s most recent projections, the HTF is expected to run out of money sometime in 2028. After that, Congress will be confronted with HTF revenue shortfalls of about \$40 billion annually (and increasing over time) that must be covered through increased revenues, decreased spending, or additional general fund bailouts—\$340 billion cumulatively through 2035.

Over the years, the Bipartisan Policy Center has worked to outline politically viable, fiscally responsible policy options to sustainably fund federal transportation programs, while also focusing on the equally important question of how to spend transportation funding more effectively. One past effort, spearheaded by former Reps. Bill Shuster and Joe Crowley, noted a need to reinforce the user-pay, user-benefit principle that underlies the HTF. The former lawmakers recommended a series of policy changes to raise the revenues needed to support stable federal transportation spending, account for increased fuel efficiency and electric vehicle (EV) adoption, and secure bipartisan support.

As the subcommittee considers ways to improve the long-term stability of the HTF, we write to highlight these options, including the need for a modest fee on EVs and an increase in the gas tax to address expected HTF deficits in the near term, while providing sufficient time and resources to transition to a vehicle miles traveled (VMT) fee as the long-term solution.

While the gas tax long served as a fair, reasonable, and reliable way to fund the HTF, electric and hybrid vehicle use has grown significantly, and fuel efficiency continues to improve for gas-powered cars. A fuel tax alone is no longer appropriate or sustainable.

Under the current system, EV owners use highways and bridges constructed and maintained with HTF funding without contributing to the fund’s revenue. EVs are typically heavier than gasoline-powered cars of a similar size and can have a greater impact on road wear and associated costs. Although EVs comprise less than 2% of light-duty cars on the road today, EV market penetration is expected to increase rapidly over the next few decades—which means less gas consumption per vehicle and thus less revenue for the HTF.

As a stop-gap policy, a fee on EVs would not only increase revenues to pay for critical programs but also increase fairness by ensuring that all those who are benefiting from safe and well-maintained highways are paying something to support their construction and maintenance. At least 39 states have already moved to implement similar EV registration fees, ranging from \$50 to as much as \$250 annually, to help offset declining revenues from state gas taxes.

However, a fee on EVs alone will not be enough to bridge the gap between the HTF’s revenues and expenditures. Increasing the gas tax to bring it in line with the rate of inflation since it was last adjusted in 1993 and indexing it to inflation going forward remains the most straightforward option to secure the HTF’s near-term financial stability.

The most effective long-term solution to funding the HTF would be to transition to a VMT fee, which would be based on miles driven rather than gallons of gas purchased. Charging drivers based on the amount they drive, regardless of how their vehicle is powered or what type of vehicle they may buy in the future, is the most direct way to ensure that the HTF can continue to operate in a fiscally responsible way. The Infrastructure Investment and Jobs Act included provisions to establish a national per-mile road usage fee pilot program, while continuing to support state-level pilots, reflecting similar BPC recommendations. Yet the pilot was not prioritized and remains woefully behind in its implementation—an additional opportunity for this subcommittee as it weighs the HTF's future.

Taking steps now to secure reliable revenue for the HTF going forward will prevent negative consequences for drivers across the country, such as worsening congestion and safety, as well as increasing damage to vehicles, which would require owners to spend money on repairs.

We stand ready to assist as you put forward and build bipartisan support for the policies needed to secure the HTF's financial future and more effectively invest limited federal dollars in critical transportation infrastructure.

Sincerely,

DAVID R. HILL,

Executive Vice President—Energy, Bipartisan Policy Center.

CC: Sam Graves, Chair, House Transportation and Infrastructure Committee
Rick Larsen, Ranking Member, House Transportation and Infrastructure Committee

Letter of April 30, 2025, to Hon. Sam Graves, Chairman, and Hon. Rick Larsen, Ranking Member, Committee on Transportation and Infrastructure, from the National Asphalt Pavement Association; National Stone, Sand & Gravel Association; Portland Cement Association; and National Ready Mixed Concrete Association; Submitted for the Record by Hon. David Rouzer

APRIL 30, 2025.

The Honorable SAM GRAVES,
Chair,
Committee on Transportation and Infrastructure, 1135 Longworth House Office Building, Washington DC 20510.

The Honorable RICK LARSEN,
Ranking Member,
Committee on Transportation and Infrastructure, 2163 Rayburn House Office Building, Washington, DC 20510.

DEAR CHAIRMAN GRAVES AND RANKING MEMBER LARSEN,

Investing in our nation's critical surface transportation network provides the American people and businesses the opportunity to thrive. In 2022, our nation's road and bridge network facilitated the movement of over 19 billion pounds of freight worth an estimated \$18 trillion—72% of our nation's cargo. In addition to freight, our highway system paves the way for people to move efficiently and effectively to school, sports, work and travel.

This critical highway system relies on funding from Congress via the highway trust fund. Since its inception, the highway trust fund has been a user-based system, meaning funding for maintenance and construction of the network comes from the highway users. These revenues are primarily derived from gas and diesel taxes as well as truck excise taxes, however, over the last 2 decades, declines in revenues have created significant budget shortfalls within the trust fund. Revenues from the trust fund have not been adjusted since the gas tax was raised in 1993 and each year these revenues decline due to a more fuel-efficient fleet and an increase in electric vehicles. Currently, those electric vehicles do not pay a federal user-fee, although, 38 states around the country have implemented a similar fee.

We support the Committee's efforts to raise revenues for the trust fund through user fees—by implementing an electric vehicle registration fee and ensuring all road-users continue to pay into the system. While these proposals will not completely address the shortfalls in the trust fund, they begin the critical work of finding a sustainable funding source for the highway trust fund. We also encourage the Committee to ensure that revenues collected new fee are remitted to and remain in the highway trust fund.

Thank you for your dedication and commitment to addressing the challenges associated with financing our nation's critical surface transportation network. This proposal is a great step in the right direction, ensuring a fair and equitable solution that maintains the highway trust fund and its historic user-fee approach. Our nation's roads and bridges are the foundation of the economy, and these policies and investments will have lasting impacts for generations to come.

Sincerely,

NATIONAL ASPHALT PAVEMENT ASSOCIATION.
NATIONAL STONE, SAND & GRAVEL ASSOCIATION.
PORTLAND CEMENT ASSOCIATION.
NATIONAL READY MIXED CONCRETE ASSOCIATION.

Letter of April 30, 2025, to Hon. Sam Graves, Chairman, Committee on Transportation and Infrastructure, and Hon. David Rouzer, Chairman, Subcommittee on Highways and Transit, from NATSO, Representing America's Travel Plazas and Truckstops; and SIGMA: America's Leading Fuel Marketers; Submitted for the Record by Hon. David Rouzer

APRIL 30, 2025.

The Honorable SAM GRAVES,
Chairman,
Committee on Transportation and Infrastructure, U.S. House of Representatives,
Washington, DC 20515.

The Honorable DAVID ROUZER,
Chairman,
Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC 20515.

DEAR CHAIRMAN GRAVES AND SUBCOMMITTEE CHAIR ROUZER:

NATSO, Representing America's Travel Centers and Truckstops, and SIGMA: America's Leading Fuel Marketers (together, the "Associations")¹ strongly support several of the provisions included in the House Transportation and Infrastructure Committee's (the "Committee's") proposal for reconciliation pursuant the Concurrent Resolution on the Budget for Fiscal Year 2025. Specifically, the Associations' offer our support for the proposed registration fees for motor vehicles and the rescission of grant funds for a sustainable aviation fuel ("SAF") grant program.

The Committee's areas of jurisdiction under the budget reconciliation process offer an opportunity to build a reliable, efficient, and well-capitalized surface transportation system. The budget reconciliation process is also an opportunity to support reliable energy from a variety of sources at reasonably low, stable prices. In this respect, the Associations urge the Committee to advance technology-neutral policies that encourage investment in alternative refueling infrastructure that lowers fuel prices for consumers.

The Associations welcome the Committee's proposal to adopt a technology-neutral highway funding mechanism that ensures all vehicles utilizing federal roads and bridges contribute to the Highway Trust Fund. Though the proposed vehicle registration fee would not result in proportionate contributions from electric vehicles that do not pay the federal gas tax, it represents an important first step in establishing a technology-neutral approach to highway funding. Ultimately, the proposed approach could pave the way for a long-term, sustainable funding mechanism that equitably assesses fees on all Interstate highway users. The Associations applaud the proposal.

The Associations also strongly support the Committee's efforts to rescind funding the unnecessary, inefficient SAF grant program ("FAST Grant Program") created in the Democratic Inflation Reduction Act of 2022.² Republicans voted unanimously against the enactment of this program. The FAST Grant Program utilizes taxpayer funds to divert existing biofuel production capacity toward sustainable jet fuel production to meet the Biden Administration's 'ESG' goals. Specifically, the FAST Pro-

¹ NATSO currently represents approximately 5,000 travel plazas and truckstops nationwide, comprising both national chains and small, independent locations. SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. The retail fuels and convenience industry provide 2.38 million jobs at approximately 120,000 retail establishments across the country.

² See Public Law 117–169 at Sec. 40007 and 49 U.S. Code 44504.

gram funded projects to dismantle active ethanol and advanced biofuel capacity to construct costly new SAF facilities on the taxpayer dime.³

Because of the relative production inefficiencies of SAF and the limited availability of biofuel feedstocks, projects funded under the FAST Grant Program will result in a decrease in overall biofuel production capacity. In turn, the reduced availability of ethanol and other advanced biofuels will raise fuel prices for consumers at the pump. Congress should ensure that incentives for alternative fuels are technology-neutral and direct biofuel feedstocks towards their most efficient, environmentally-compelling use case. The Associations are grateful that the Committee is proposing to rescind funding for this program that, if left unchecked, will ultimately result in higher over-the-road fuel prices.

The Associations are eager to work with the Committee to advance well-designed policies that support a robust, well-capitalized surface transportation system where consumers have access to low-cost and reliable refueling infrastructure. We encourage the Committee to adopt the budget reconciliation proposal as drafted.

Sincerely,

NATSO, REPRESENTING AMERICA'S TRAVEL PLAZAS AND TRUCKSTOPS.
SIGMA: AMERICA'S LEADING FUEL MARKETERS.

cc: Republican Members of the House Transportation and Infrastructure Committee

Letter of April 28, 2025, to Hon. David Rouzer, Chairman, and Hon. Eleanor Holmes Norton, Ranking Member, Subcommittee on Highways and Transit, from Todd Spencer, President and Chief Executive Officer, Owner-Operator Independent Drivers Association, Inc., Submitted for the Record by Hon. David Rouzer

APRIL 28, 2025.

The Honorable DAVID ROUZER,
Chairman,

House Committee on Transportation and Infrastructure, Subcommittee on Highways and Transit, 2165 Rayburn House Office Building, Washington, DC 20515.

The Honorable ELEANOR HOLMES NORTON,
Ranking Member,

House Committee on Transportation and Infrastructure, Subcommittee on Highways and Transit, 2165 Rayburn House Office Building, Washington, DC 20515.

Re: America Builds: The Need for a Long-Term Solution for the Highway Trust Fund

DEAR CHAIRMAN ROUZER AND RANKING MEMBER HOLMES NORTON,

On behalf of the 150,000 members of the Owner-Operator Independent Drivers Association (OOIDA), we write to share the highway funding priorities of small-business truckers. Professional truck drivers cover tens of billions of miles on American highways each year, so our members can speak from experience about the significant need to update and maintain our roads. Between the current diesel fuel tax and other trucking-specific taxes and fees, the trucking industry contributes about half of user fee funding that goes in to the Highway Trust Fund every year. We understand the value of an efficient highway network and support efforts to increase HTF revenues so long as they are done in a fair and equitable way.

The federal gasoline and diesel taxes are proven mechanisms that provide a transparent and efficient way to fund highway construction and maintenance. The costs of administering these user fees are extremely low—estimated to be less than 1% of all revenues collected.¹ Congress should be looking to build on this relatively stable and predictable system. Therefore, we support efforts to increase dedicated revenues to the HTF through reasonable and impartial increases to federal gasoline and diesel taxes.

In addition to these traditional user fees, we support a recent proposal from this committee that would require electric vehicles to pay an annual registration fee to the HTF. Truckers remain frustrated that electric vehicles currently pay nothing de-

³The Biden Administration utilized the FAST Grant Program to award \$16.8 million in taxpayers funds to convert an *existing* ethanol and isobutanol fuel refinery in Luverne, Minnesota, to a facility for SAF production. See <https://www.faa.gov/newsroom/biden-harris-administration-announces-nearly-300-million-awards-sustainable-aviation-fuels#>.

¹Transportation Research Board, Costs of Alternative Revenue Generation Systems, Report 689 (National Highway Cooperative Research Program, 2011)

spite having equal access to the roads, bridges, and highways maintained by other road users. We also support H.R. 1253/S. 536, the Fair Sharing of Highways and Roads for Electric Vehicles Act (Fair SHARE Act), which would impose a one-time fee on electric vehicles and a fee on heavy-duty battery modules. These proposals would ensure that electric vehicles finally start to pay their fair share for our nation's infrastructure.

While we support these types of measures to raise revenue, we are steadfastly opposed to proposals that would disproportionately burden truckers. One potential funding mechanism we are concerned with is a vehicle miles traveled (VMT) tax. While this concept may sound appealing in theory, there are far too many questions and uncertainties for Congress to begin implementing any sort of VMT program in the next highway bill.

First, there will be significant costs associated with a VMT tax, including the costs for equipment to establish the system, the administrative cost for highway users and the government to track and collect taxes, and the costs to enforce the program. Implementation and administrative fees are likely to be at least ten times as high as the current fuel tax system² and will be especially burdensome for small businesses.

While we are opposed to moving forward with a VMT program in general, we are particularly concerned about proposals that would single out the trucking industry for a truck-only VMT. This would assure that truckers pay a disproportionate cost to prop up the HTF. We also oppose any efforts to utilize Electronic Logging Devices (ELDs) to implement a VMT for trucks. Small-business truckers have already borne a significant cost for complying with the ELD mandate, and utilizing ELDs for VMT would create new costs and greater privacy issues.

The Infrastructure Investment and Jobs Act required U.S. Department of Transportation to implement a national VMT Pilot Program to study the feasibility of a VMT. The advisory board that will help structure the pilot program has been formed, but has not held any meetings yet. Therefore, we believe it would be premature for Congress to pursue this policy at this time.

OOIDA also remains opposed to the expansion of tolling. Tolling systems lack the efficiency and effectiveness of the current funding mechanisms. Research has shown that tolling is an extremely wasteful method of generating revenue compared to fuel taxes, with as much as 30% of funds going to administrative costs³ rather than the construction and rehabilitation of roads and bridges. Additionally, toll roads consistently fail to meet revenue projections, creating unanticipated funding shortfalls, which can lead to deteriorating road conditions and early toll rate increases.

Truckers predominantly pay tolls out-of-pocket, as shippers seldom reimburse toll charges under the freight rate system. For small trucking businesses, any expansion of tolling, especially on major highways like Interstates, will directly impact their bottom line. Often operating on the slimmest of margins, new out-of-pocket expenses would diminish an owner-operator and their family's income.

Finally, we understand that there are proposals to repeal the Federal Excise Tax (FET) on heavy-duty trucks. While we certainly don't oppose repealing a tax on our industry, Congress must first identify an offset to account for lost HTF revenues. Without such a pay-for, inequitable financial burdens would likely fall on small-business truckers and owner-operators to make up the difference.

As your committee consider ways to raise additional revenue for the HTF, we hope that you will keep America's small-business truckers' concerns in mind. We look forward to working with you to rebuild our nation's transportation infrastructure.

Sincerely,

TODD SPENCER,

President & CEO, Owner-Operator Independent Drivers Association, Inc.

²CBO, Issues and Options for a Tax on Vehicle Miles Traveled by Commercial Trucks (2019)

³Transportation Research Board, Costs of Alternative Revenue Generation Systems, Report 689 (National Highway Cooperative Research Program, 2011)

Letter of April 30, 2025, to Hon. Sam Graves, Chairman, and Hon. Rick Larsen, Ranking Member, Committee on Transportation and Infrastructure, from Todd Spencer, President and Chief Executive Officer, Owner-Operator Independent Drivers Association, Inc., Submitted for the Record by Hon. David Rouzer

APRIL 30, 2025.

The Honorable SAM GRAVES,
Chairman,
House Committee on Transportation and Infrastructure, 2165 Rayburn House Office Building, Washington, DC 20515.

The Honorable RICK LARSEN,
Ranking Member,
House Committee on Transportation and Infrastructure, 2165 Rayburn House Office Building, Washington, DC 20515.

Re: Support for EV/Hybrid Annual Fee

DEAR CHAIRMAN GRAVES AND RANKING MEMBER LARSEN,
On behalf of the Owner-Operator Independent Drivers Association (OOIDA), representing 150,000 small-business truckers and professional drivers, we write in support of the proposal before the Committee to assess an annual fee on electric and hybrid vehicles. Professional truck drivers cover tens of billions of miles on American highways each year, so our members can speak from experience about the significant need to update and maintain our roads. Our members understand the value of an efficient highway network and support efforts to increase Highway Trust Fund (HTF) revenues so long as they are done in a fair and equitable way.

America's truckers are the backbone of our supply chain and make significant contributions to maintaining our roads and bridges by paying several taxes that support the HTF. However, truckers remain frustrated that electric vehicles currently pay nothing to the HTF despite having equal access to the roads and highways maintained by taxpayers.

We believe that this proposal for an annual fee on electric and hybrid vehicles is the very least that these vehicle owners should be paying to help maintain our infrastructure. OOIDA and the 150,000 truckers we represent support this proposal which would help ensure fairness on America's roadways.

Sincerely,

TODD SPENCER,

President & CEO, Owner-Operator Independent Drivers Association, Inc.

Letter of April 29, 2025, to Hon. David Rouzer, Chairman, and Hon. Eleanor Holmes Norton, Ranking Member, Subcommittee on Highways and Transit, from Sean O'Neill, Senior Vice President of Government Affairs, Portland Cement Association, Submitted for the Record by Hon. David Rouzer

APRIL 29, 2025.

The Honorable DAVID ROUZER,
Subcommittee Chair,
Highways and Transit Subcommittee, Washington, DC 20515.

The Honorable ELEANOR HOLMES NORTON,
Subcommittee Ranking Member,
Highways and Transit Subcommittee, Washington, DC 20515.

DEAR CHAIRMAN ROUZER AND RANKING MEMBER NORTON:

On behalf of the Portland Cement Association, which represents the majority of cement manufacturers across the country, we appreciate the opportunity to submit a letter for the record for today's hearing, "America Builds: The Need for a Long-Term Solution for the Highway Trust Fund." We appreciate the opportunity to share our perspective on the importance of addressing the long-term solvency of the Highway Trust Fund.

Our members manufacture cement, the primary ingredient in concrete, an essential construction material to building roads, bridges, tunnels, culverts, pipes, transit, and sidewalks in communities across the country. Cement and concrete product manufacturing, directly and indirectly, employs 577,000 people across the country, and our collective industries contribute over \$130 billion to the nation's economy.

As members of the subcommittee know, receipts into the Highway Trust Fund come from taxes on highway fuel, tires, heavy vehicle use tax, and truck/trailer sales taxes. The motor fuel tax, 18.3 cents per gallon for gasoline and 24.4 cents per gallon for diesel, is the primary funding mechanism for the Highway Trust Fund and has remained unchanged since 1993. Over the past 30 years, the purchasing power of these taxes have lost significant purchasing power, while authorized funding from the Highway Trust Fund for federal-aid highway, roadway safety, and transit programs have more than tripled. Additionally, as there has been a move to more fuel-efficient electric vehicles, revenues collected for the Highway Trust Fund have further eroded. Collectively, these facts have contributed to the widening gap between the Highway Trust Fund receipts and expenditures.

Since fiscal year 2008, outlays from the Highway Trust Fund have consistently exceeded its receipts. To address this gap, Congress has transferred a total of \$275 billion in general revenue to the Highway Trust Fund. The Congressional Budget Office projects receipts to Highway Trust Fund will not be able to meet outlays starting in fiscal year 2028. Specifically, the Congressional Budget Office projects the Highway Trust Fund to have a negative balance of over \$22 billion in fiscal year 2028.¹ Additionally, to continue the investments in highways, public transit, safety, and multi-modal projects, with adjustments for inflation and regardless of Infrastructure Investment and Jobs Act funding source, Congress will need to find approximately \$260 billion in funding.

These numbers demonstrate the need to address the long-term solvency of the Highway Trust Fund so that recipients of federal-aid highway funding can plan, engineer and design, and move forward with the construction of critical transportation projects across the country. The funding mechanisms of the Highway Trust Fund have a user fee structure. A long-term funding solution to address the solvency of the Highway Trust Fund should maintain this structure. With improvements to vehicle efficiency and the growth of electric and hybrid vehicles, a fee on these vehicles and dedicating the revenues solely to the Highway Trust Fund would help ensure all users of the system are paying for its upkeep. While a fee of electric and hybrid vehicles alone would only partly enhance Highway Trust Fund revenues, it is an important component of addressing the long-term solvency of the Highway Trust Fund.

We look forward to working with the Transportation and Infrastructure Committee to not only address the long-term solvency of the Highway Trust Fund but to pass a long-term reauthorization of the surface transportation program so communities can continue making critical investments in transportation infrastructure. If you have any questions, please do not hesitate to reach out to me.

Sincerely,

SEAN O'NEILL,

Senior Vice President, Government Affairs, Portland Cement Association.

Letter of May 5, 2025, to Hon. Sam Graves, Chairman, and Hon. Rick Larsen, Ranking Member, Committee on Transportation and Infrastructure, from Dave Heller, Senior Vice President of Safety and Government Affairs, Truckload Carriers Association, Submitted for the Record by Hon. David Rouzer

MAY 5, 2025.

The Honorable SAM GRAVES,
Chairman,
House Committee on Transportation and Infrastructure, 2165 Rayburn House Office Building, Washington, DC 20515.

The Honorable RICK LARSEN,
Ranking Member,
House Committee on Transportation and Infrastructure, 2165 Rayburn House Office Building, Washington, DC 20515.

Re: Support for EV/Hybrid Annual Fee

The Truckload Carriers Association (TCA), with offices at 555 E Braddock Road, Alexandria, VA, is the only national trade association whose sole focus is the truckload segment of the trucking industry. The association represents dry van, refrigerated, flatbed, and rail intermodal carriers operating in 48 contiguous U.S. states,

¹ <https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf>

Alaska, Mexico, and Canada. As a significant part of an industry with over half a million companies operating millions of power units within the United States.

The TCA and its membership favor a fee for all Hybrid and Electric Vehicle Users. We have consistently backed efforts such as Senator Deb Fischer's (R-NE) "Stop EV Freeloading Act," now known as the "Fair SHARE Act," and we are equally supportive of the House companion bill championed by Representative Dusty Johnson (R-SD-At Large).

At TCA, we believe every vehicle traveling on our nation's highways should invest in the Highway Trust Fund regardless of its power source. This includes electric vehicles, which often weigh more than conventional vehicles and can cause greater wear and tear on our infrastructure.

We would be remiss if we also did not voice our longstanding support for increasing the federal fuel tax, provided it is indexed to inflation or includes an appropriate annual cap. The tax stands at 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel, which has not been raised since 1993.

Thank you for the opportunity to submit this letter. TCA looks forward to collaborating with the House Transportation and Infrastructure Committee in any way we can to support a strong and sustainable future for our highway system.

Sincerely,

DAVE HELLER,
*Senior Vice President of Safety and Government Affairs,
Truckload Carriers Association.*

Letter of April 29, 2025, to Hon. Sam Graves, Chairman, and Hon. Rick Larsen, Ranking Member, Committee on Transportation and Infrastructure, from Rodney Davis, Senior Vice President of Government Affairs, U.S. Chamber of Commerce, Submitted for the Record by Hon. David Rouzer

APRIL 29, 2025.

The Honorable SAM GRAVES,
*Chairman,
Committee on Transportation and Infrastructure, U.S. House of Representatives,
Washington, DC 20515.*

The Honorable RICK LARSEN,
*Ranking Member,
Committee on Transportation and Infrastructure, U.S. House of Representatives,
Washington, DC 20515.*

DEAR CHAIRMAN GRAVES AND RANKING MEMBER LARSEN:

As your committee advances the budget reconciliation process, the U.S. Chamber of Commerce commends you for exploring opportunities to restore the Highway Trust Fund (HTF) as the primary mechanism financing critical surface transportation projects through targeted "user fees."

This is a debate that is long overdue. With existing user fees on gasoline, diesel, and other motor fuels no longer keeping pace with surface transportation investment needs, the HTF requires additional or alternative sources of revenue to remain solvent. Your committee's consideration of new user fees—including an "electric vehicle (EV) fee" on EVs and hybrids, and a "universal fee" on all passenger vehicles—helps provide options for long-term solvency of the HTF, and importantly greater certainty on our ability to fund our Nation's transportation infrastructure.

Following the reconciliation process, this debate must continue as part of the surface transportation and infrastructure reauthorization. Modernizing the current user fee system to reflect the realities of rising construction costs, permitting delays, inflation, increasing fuel efficiency, and the growing number of electric vehicles, can help ensure all users contribute meaningfully to our nation's highway system.

Thank you for considering our views and your work to pass this meaningful budget reconciliation legislation. We look forward to working with you on enacting this into law as well as working with you to pass the next surface transportation and infrastructure reauthorization bill later this year.

Sincerely,

RODNEY DAVIS,
Senior Vice President, Government Affairs, U.S. Chamber of Commerce.

Letter of April 25, 2025, to Members of Congress from 26 National Agriculture Associations, Submitted for the Record by Hon. David Rouzer

APRIL 25, 2025.

DEAR MEMBERS OF CONGRESS:

Investments in roads and bridges are vital to America's agriculture industry. These infrastructure improvements significantly enhance rural communities and strengthen our industry supply chains, ensuring efficient delivery of crop inputs for successful harvests and efficient connections between farmers and their domestic and global markets.

A sufficiently and predictably funded Highway Trust Fund (HTF) makes this all possible. However, the HTF is facing challenges that could lead to insolvency within a few years. Further, although Congress established the HTF as a "user-pays" system, not all highway users are contributing equitably. Electric vehicles do not contribute to the HTF at all because they are not subject to the federal fuel tax. Hybrid vehicles, while subject to the fuel tax on the gasoline they consume, contribute less than traditional internal combustion vehicles. Additionally, EVs and hybrid vehicles have heavy batteries that cause more road wear compared to conventional vehicles.

Fairness is a core value on the farm and across rural America. This principle extends to ensuring that all vehicle users, regardless of their fuel type or technology, contribute equitably to the upkeep and improvement of our roads and bridges. It has come to our attention that the House Republicans are seeking to include an equitable solution in their upcoming budget reconciliation package. The undersigned organizations, representing the American agriculture industry, urge Congress to act and ensure that these vehicles contribute an amount comparable to what gasoline and diesel vehicles pay to the Highway Trust Fund (HTF), with all revenues dedicated to the HTF. We encourage a simplistic design for raising revenue from EV and hybrid vehicle owners, such as a supplement to annual registration fees, and to avoid creating a duplicative tax, such as a vehicle miles tax, for gas and diesel vehicle owners. More than 30 states have implemented fees on EV and hybrid vehicle owners to offset revenue lost from traditional gas taxes.

We appreciate Congress' ongoing support of American agriculture and the transportation network that enables a successful rural economy.

Sincerely,

AGRICULTURAL AND FOOD TRANSPORTERS	NATIONAL ASSOCIATION OF WHEAT
CONFERENCE.	GROWERS.
AGRICULTURAL RETAILERS ASSOCIATION.	NATIONAL CORN GROWERS ASSOCIATION.
AGRICULTURE TRANSPORTATION	NATIONAL COTTON COUNCIL.
COALITION.	NATIONAL COUNCIL OF FARMER
AMCOT.	COOPERATIVES.
AMERICAN COTTON SHIPPERS	NATIONAL GRAIN AND FEED
ASSOCIATION.	ASSOCIATION.
AMERICAN FARM BUREAU FEDERATION.	NATIONAL GRANGE.
AMERICAN FEED INDUSTRY ASSOCIATION.	NATIONAL POTATO COUNCIL.
AMERICAN SOYBEAN ASSOCIATION.	NORTH AMERICAN MILLERS'
CORN REFINERS ASSOCIATION.	ASSOCIATION.
FRESH PRODUCE ASSOCIATION OF THE	NORTH AMERICAN RENDERERS
AMERICAS.	ASSOCIATION.
HARDWOOD FEDERATION.	SPECIALTY SOYA & GRAINS ALLIANCE.
INTERNATIONAL FRESH PRODUCE	THE FERTILIZER INSTITUTE.
ASSOCIATION.	USA RICE.
NATIONAL AQUACULTURE ASSOCIATION.	U.S. MEAT EXPORT FEDERATION.

Letter of April 25, 2025, to Hon. Sam Graves, Chairman, Committee on Transportation and Infrastructure, from 31 National Transportation and Construction Associations, Submitted for the Record by Hon. David Rouzer

APRIL 25, 2025.

The Hon. SAM GRAVES,
Chairman,
Committee on Transportation and Infrastructure, U.S. House of Representatives,
Washington, DC 20515.

DEAR CHAIRMAN GRAVES:

Investing in the nation's infrastructure provides far-reaching economic benefits. Recent congressional support for roads, bridges and public transportation systems has helped deliver much-needed projects to every congressional district across the country. These improvements have enhanced safety, mobility and efficiency nationwide.

These outcomes are made possible by the continuity and predictability of funding supported by a healthy Highway Trust Fund (HTF). At present, HTF revenues are generated primarily through user fees on the sale of gas and diesel fuels, along with transfers from the General Fund to make up for insufficient revenues.

However, improvements to vehicle efficiency and the influx of hybrid and electric vehicles have resulted in a system where all users of the system are not treated fairly. Instead, some users pay for the maintenance of the system, while other users pay less or nothing at all. At the same time, user fee revenue has not met system needs.

The undersigned organizations urge you to include a fee on electric and hybrid vehicles in the committee's upcoming reconciliation measure and dedicate the revenues solely to the HTF. While this solution would only partly enhance HTF revenues, it would help ensure all users of the system are paying for its upkeep.

We are grateful for the support Congress has provided for the nation's surface transportation infrastructure network and look forward to working with you to ensure users of the system equitably pay for their maintenance and expansion.

Sincerely,

AMERICAN ROAD & TRANSPORTATION
BUILDERS ASSOCIATION.

ASSOCIATED GENERAL CONTRACTORS OF
AMERICA.

AMERICAN SOCIETY OF CIVIL ENGINEERS.
INTERNATIONAL UNION OF OPERATING
ENGINEERS.

AMERICAN PUBLIC TRANSPORTATION
ASSOCIATION.

AMERICAN TRUCKING ASSOCIATIONS.

AMERICAN ASSOCIATION OF STATE
HIGHWAY AND TRANSPORTATION
OFFICIALS.

ASSOCIATED EQUIPMENT DISTRIBUTORS.
AMERICAN CONCRETE PAVEMENT
ASSOCIATION.

AMERICAN SHORT LINE AND REGIONAL
RAILROAD ASSOCIATION.

ASSOCIATION OF EQUIPMENT
MANUFACTURERS.

INDEPENDENT LUBRICANT
MANUFACTURERS ASSOCIATION.

AMERICAN CONCRETE PIPE ASSOCIATION.

AMERICAN INSTITUTE OF STEEL
CONSTRUCTION.

NATIONAL STEEL BRIDGE ALLIANCE.

AMERICAN TRAFFIC SAFETY SERVICES
ASSOCIATION.

NATIONAL READY MIXED CONCRETE
ASSOCIATION.

NATIONAL ASPHALT PAVEMENT
ASSOCIATION.

PORTLAND CEMENT ASSOCIATION.
AMERICAN SUBCONTRACTORS
ASSOCIATION.

DESIGN-BUILD INSTITUTE OF AMERICA.
ASSOCIATION OF AMERICAN RAILROADS.
NATIONAL STONE, SAND & GRAVEL
ASSOCIATION.

PRECAST/PRESTRESSED CONCRETE
INSTITUTE.

AMERICAN COUNCIL OF ENGINEERING
COMPANIES.

TRANSPORTATION INTERMEDIARIES
ASSOCIATION (TIA).

LABORERS INTERNATIONAL UNION OF
NORTH AMERICA.

NATIONAL UTILITY CONTRACTORS
ASSOCIATION.

CONCRETE REINFORCING STEEL
INSTITUTE.

AMERICAN COAL ASH ASSOCIATION.
ESSENTIAL MINERALS ASSOCIATION.

cc: Transportation and Infrastructure Committee Members

**Statement of the Alliance for Automotive Innovation, Submitted for the
Record by Hon. Eleanor Holmes Norton**

Chairman Graves, Ranking Member Larsen, and Members of the Subcommittee:
On behalf of the Alliance for Automotive Innovation (Auto Innovators), thank you for holding this important hearing entitled *America Builds: The Need for a Long-Term Solution for the Highway Trust Fund*. We respectfully request that this letter be submitted for the hearing record.

Auto Innovators represents advanced manufacturers producing nearly all vehicles sold in the United States and all car batteries produced domestically, as well as major equipment suppliers, semiconductor makers, and technology companies. Together, we form the foundation of a sector that supports 10 million American jobs across all 50 states, drives \$1.2 trillion into the economy annually—nearly 5% of GDP—and powers the industrial backbone of our nation. Every dollar invested in

vehicle manufacturing generates \$4.23 in economic value, creating a multiplier effect that uplifts entire communities.

As Congress tackles transportation funding, fairness must be a guiding principle: all drivers—regardless of what they drive—should contribute equitably to maintaining America’s roads and bridges.

We agree: all drivers should pay their fair share—no matter what they drive.

The auto industry supports a fuel and technology-neutral approach to infrastructure funding. Whether someone drives a hybrid, a battery electric vehicle (BEV), or a traditional gas-powered car, all should contribute equitably to maintaining our nation’s roads and bridges. A fair and sustainable funding mechanism should reflect this principle of equity, regardless of drivetrain or energy source.

But a budget reconciliation maneuver is the wrong way to do it.

Using reconciliation to impose a new EV fee, including on hybrid vehicles with internal combustion engines (ICE), is fundamentally flawed. What is more, routing revenues to the General Fund instead of the Highway Trust Fund does nothing to address the long-term solvency of the Highway Trust Fund and undermines the very rationale for implementing a road user fee in the first place.

The numbers don’t add up.

Some proposals have suggested that an EV fee could raise between \$20 billion and \$40 billion over ten year (FY2026–2035). Our industry analysis shows the actual revenue potential is closer to \$1 billion per year—even under *generous* assumptions. Presenting this fee as a major offset is simply not supported by the numbers.

HYBRID AND ELECTRIC VEHICLE TECHNOLOGY OVERVIEW AND EQUITY CONSIDERATIONS

As policymakers consider transportation funding solutions, it’s important to recognize the differences across hybrid and electric vehicle technologies—and to ensure any new user fees are applied fairly and equitably. Owners of electric vehicles should not be retroactively penalized with new fees after already making their purchasing decisions. Instead, any new user fee should be structured to mirror the current financial contribution made by internal combustion engine (ICE) vehicle owners through the gas tax. According to calculations by the American Highway Users Alliance (AHUA), a charge of approximately \$165 per year would be an equitable equivalent for vehicles weighing less than 8,500 pounds.

It’s important to note that not all hybrid vehicles are created equal, and assigning a flat fee across all hybrid types would be inappropriate given their differences in technology and fuel usage:

1. *Mild Hybrid Electric Vehicles (MHEVs):*
 - a. The least complex and most cost-effective type of hybrid.
 - b. Utilize a small electric motor and battery pack primarily to assist the internal combustion engine, especially during acceleration, start/stop, and regenerative braking.
 - c. MHEVs cannot run on electric power alone for extended periods and primarily rely on gasoline, making their operational profile closer to a traditional ICE vehicle.
2. *Full Hybrid Electric Vehicles (HEVs):*
 - a. Also referred to as “strong hybrids,” these vehicles feature a larger electric motor and battery compared to MHEVs.
 - b. Capable of running on electric power alone, but typically only for short distances before reverting to gasoline or a combination of both.
 - c. HEVs optimize efficiency by using regenerative braking to capture and reuse energy that would otherwise be lost.
3. *Plug-In Hybrid Electric Vehicles (PHEVs):*
 - a. Equipped with even larger battery packs that can be recharged from external sources such as a home outlet or public charging station.
 - b. Able to travel a significant distance purely on electric power before the gasoline engine is engaged.
 - c. Offer greater fuel efficiency and lower emissions compared to HEVs and MHEVs.

Given these technical distinctions, policymakers should avoid imposing a one-size-fits-all fee on hybrids. Instead, a *more tailored approach* that reflects a vehicle’s actual reliance on gasoline versus electricity would better ensure fairness, encourage innovation, and maintain consumer choice—without taxing consumers twice. More-

over, many hybrid vehicles, particularly MHEVs, serve as affordable, fuel-efficient options for working families. Imposing a flat, high fee risks penalizing consumers who are making practical, cost-conscious vehicle choices.

We're already working on a better solution.

Auto Innovators is actively engaged with the AHUA and other stakeholders on a thoughtful, durable user fee proposal that strengthens the Highway Trust Fund in the coming surface transportation reauthorization. We support the approach AHUA has put forward—it is smart policy, grounded in principles of fairness, transparency, and long-term solvency. Their framework aligns with the kind of fuel and technology-neutral solution the moment calls for, and we believe it provides a more constructive path forward for the Committee to consider.

Let's solve the right problem the right way.

The auto industry stands ready to partner with Congress on policies that are fuel and technology-neutral, transparent, fair, and sustainable. Drivers of all types of vehicles—hybrids, BEVs, and ICEs alike—should contribute toward funding the national federal-aid highway system that they use. But we urge the Subcommittee and full Committee to reject any reconciliation-based proposals that use vehicle fees for general revenue and distract from meaningful transportation funding reform.

We look forward to working with all Members of the Committee to make long-term reforms to the Highway Trust Fund in the coming surface transportation reauthorization. We urge the Subcommittee to reject reconciliation-based proposals and instead commit to enacting long-term, fuel- and technology-neutral reforms in the next surface transportation reauthorization. Thank you for your consideration and for your continued leadership on transportation and infrastructure policy.

"The Truth Is Out There: The Cost of Roads Is Bankrupting the Highway Trust Fund, Not Electric Vehicles," by Dave Cooke, Senior Vehicles Analyst, The Equation Blog, Union of Concerned Scientists, April 29, 2025, Submitted for the Record by Hon. Eleanor Holmes Norton

THE TRUTH IS OUT THERE: THE COST OF ROADS IS BANKRUPTING THE HIGHWAY TRUST FUND, NOT ELECTRIC VEHICLES

by Dave Cooke, Senior Vehicles Analyst

The Equation Blog, Union of Concerned Scientists, April 29, 2025, 11:42 a.m.

<https://blog.ucs.org/dave-cooke/the-truth-is-out-there-the-cost-of-roads-is-bankrupting-the-highway-trust-fund-not-electric-vehicles/>

Just half of road funding is paid for by road users through funding mechanisms like fuel taxes or vehicle registration fees, and the largest share of that (the federal gas tax) has not been raised in over 30 years. However, some in Congress have tried to blame the rise of electric vehicles and fuel-efficient gasoline-powered vehicles for the federal government's struggles to fund decades of road-building.

Below I walk through why the federal government's ability to pay for highways has nothing to do with electric vehicles and everything to do with Congress's insatiable desire for road-building.

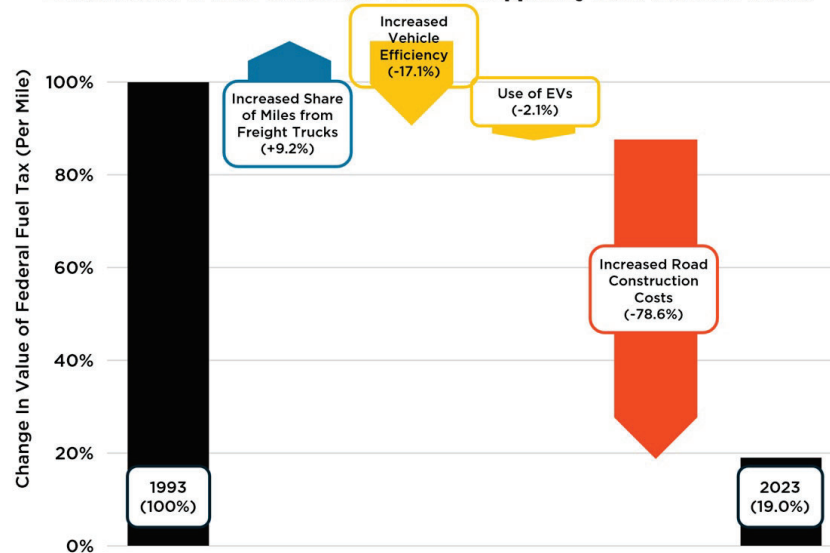
A LOT HAS CHANGED SINCE CONGRESS LAST ADJUSTED TRANSPORTATION FUNDING

The Highway Trust Fund is responsible for nearly all of the federal government's spending on transportation, with revenue sourced predominantly from fuel and excise taxes and, increasingly, injections of capital from the General Treasury. Apart from these intermittent transfers, Congress has not meaningfully changed the source of revenue for the Highway Trust Fund since the last increase in fuel taxes, which went into effect on October 1, 1993.

How long ago was that? Well, just one-quarter of U.S. adults had access to a computer, and just 2 percent of the country used the Internet in 1993. And forget "smart phones"—the first cell phone capable of text messaging debuted in 1993, along with the first battery-operated cell phone.

Fittingly, *The X-Files* debuted just two weeks before the last change in federal fuel taxes went into effect—this iconic TV show dealt with government bureaucracy and the unexplainable, topics which both sadly resonate in trying to understand the government's approach to the transportation system.

Effectiveness of the Federal Fuel Tax Has Dropped by More than 80 Percent



For more than 30 years, the federal fuel tax has remained unchanged. The impact of this is to erode the value of the tax. If we look at what is taken in per mile of travel (i.e. collection of the gas tax) and factor as well into what we get out of it (building and maintaining roads), the effectiveness of the federal fuel tax has dropped by more than 80 percent. The largest culprit of this erosion is the massive increase in road construction costs—the cost-per-mile of the United States highway system grows larger each year.

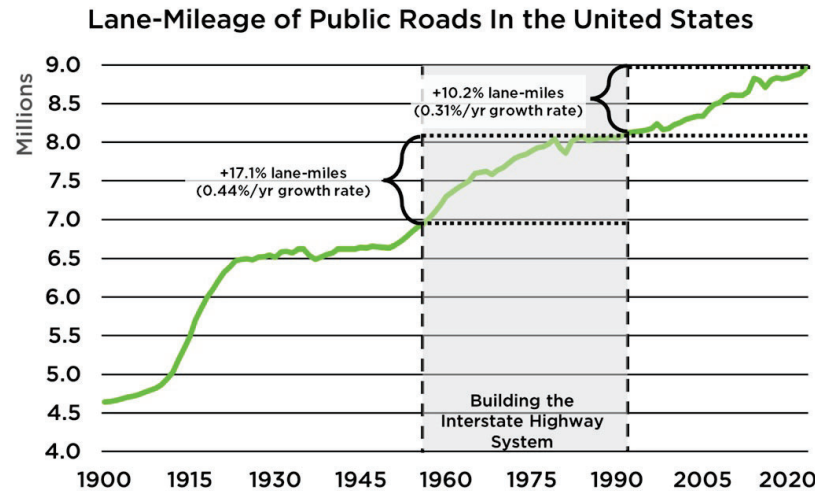
As one can imagine, the passage of time has had a large impact on the value of the federal fuel tax. The current tax rate on a gallon of gasoline is just 18.4 cents—and that 18.4 cents doesn't mean the same today that it did when the tax went into effect in 1993. Inflation, the general measure of the cost of consumer goods, has more than doubled since then, which means that the value of the tax to the households paying it is less than half what it once was. It also hasn't kept pace with the cost of gasoline, which has increased by nearly a factor of three—thus, the federal government's share of the cost of a gallon of gas is about one-third what it used to be. And when it comes to what you can buy for that share, costs of road construction have far outpaced general inflation—that revenue buys today less than one-quarter of what it used to back in 1993.

Factoring in both the amount of tax generated and what that tax is financing, the effectiveness of the federal fuel tax has dropped by more than 80 percent since it was last changed in 1993. And the main reason for that is our ever-more-expensive highway system.

ROADS ARE EXPENSIVE, AND HIGHWAY EXPANSION EVEN MORE SO

Construction costs have skyrocketed for a number of reasons, but two stick out: a reduction in competition resulting from consolidation in the construction industry and a reduction in capacity at the state departments of transportation to facilitate competitive bidding. But it isn't just that construction costs have exploded—it's that the highway system itself is a positive feedback loop of costs begetting even more costs.

The original interstate system conceived under the Federal-Aid Highway Act of 1956 was completed in 1992, but rather than stop then and there, highway expansion has marched onward. Public roads nationwide have increased in lane-mileage by over 10 percent since the "completion" of the Interstate Highway System. This rate of expansion represents 70 percent of what it was during the construction of the Interstate Highway System—despite a theoretical completion of the system, we've barely curtailed expansion.



After World War II, the United States saw a rapid expansion of public roads, in large part because of the Interstate Highway System. The original envisioned system was completed in 1992, but highway expansion has continued at nearly the same pace. (Source: FHWA Highway Statistics; SM-11 and FM-11 pre-1980; VMT 421-C 1980–2023)

Highway expansion is not a one-time construction cost—new roads have to be repaired indefinitely, simply adding to repair costs for infrastructure already built. Moreover, expanding highways results in an increase in usage not just of the new lanes of road but also for the built system, too, through a phenomenon known as induced demand, whereby you reduce barriers to driving and, in turn, increase the amount of driving that occurs. Commercial trucks, for example, will increase traffic on an interstate by between 19 and 29 percent for every 10 percent increase in capacity, resulting in a net negative impact on traffic flow.

As the country has continued to build out the freeway system, the infrastructure built creates an ever-increasing cost spiral—even after adjusting for the increased cost of construction, the amount spent on repair has more than doubled since 1993, thanks in large part to a doubling of miles traveled by the largest and heaviest vehicles on the road (commercial trucks) and an overall increase in travel by over 40 percent. Perhaps this is why the country has a backlog of over \$1 trillion in maintenance.

It is the unsustainable costs of our highway system that is bankrupting the Highway Trust Fund, and this leads to an ever-increasing share of general public funding to bail it out if nothing changes. Highways are a costly use of land, with one study finding that the costs of highway expansion outweigh the benefits by 3 to 1, even without factoring in external social harms like health impacts from added traffic pollution. It's clear we should be rethinking the status quo of never-ending road expansion.

CARS ARE MORE EFFICIENT NOW ... AND THAT'S A GOOD THING!

Because the politics of dealing with the actual problem of funding our highway system is hard, there's a desire to find a scapegoat. In this case, politicians have turned their attention to how much more efficient our vehicles are.

Both passenger cars and trucks and heavy-duty vehicles have gotten more efficient over time. That means that drivers can go farther on a gallon of gas or diesel. This is an unabashed good thing—improving efficiency is a critical part of reducing global warming emissions, and it saves drivers money, something that is especially important with prices for households on the rise. And when a growing share of those efficiency gains are about eliminating oil use and the volatility of gas prices entirely from the equation for families thanks to electrification, improvements in efficiency are a very good thing.

However, since the funding for the Highway Trust Fund is largely based on revenues from fuel use, using less fuel per mile means that part of the reduced costs

of fuel to consumers come with reduced contributions to the Highway Trust Fund. But is this actually a big deal? Compared with other factors, this is a drop in the bucket.

Since 1993, the passenger cars and trucks on the road have improved their fuel efficiency by almost 19 percent. Commercial vehicles have improved by 18 percent. The disproportionate increase in travel by diesel-powered trucks means that the loss in revenue per mile traveled is only just over 11 percent as a result of efficiency improvements. Compared with an erosion of buying power for the HTF of over 78 percent as the result of skyrocketing construction costs since 1993, or even just the erosion of value of 54 percent related to general inflation, it's clear that the story of HTF insolvency is not related to efficiency.

ELECTRIC VEHICLES ARE A SMALL SHARE OF POTENTIAL REVENUE

Even though EV drivers, like all of us, already pay for roads through general tax revenue, some still claim that it's unfair that EV drivers don't pay a fuel tax. But this both ignores the way roads are funded and the taxes that EV drivers already pay for electricity usage.

The notion that EV drivers are getting a free ride is just plain wrong, thanks in part to taxes and fees levied at the state and local level, where more than 80 percent of road funding comes from. In 36 states, there is even already a net tax penalty for driving an EV compared to a gasoline vehicle thanks to the combination of taxes and fees already in place. But even at the federal level, the lack of a federal fee on EV drivers is a negligible contribution to any shortfall in the Highway Trust Fund.

Today, we estimate that EVs are responsible for just over 2 percent of miles traveled in the U.S. Last year alone, highway construction costs increased by 6 percent. Even as EVs become a growing share of the vehicle fleet, we estimate that they will make up just 3 to 8 percent of road travel between now and 2030, depending on the degree of to which the current administration succeeds in eliminating EV incentives and protective vehicle regulations.

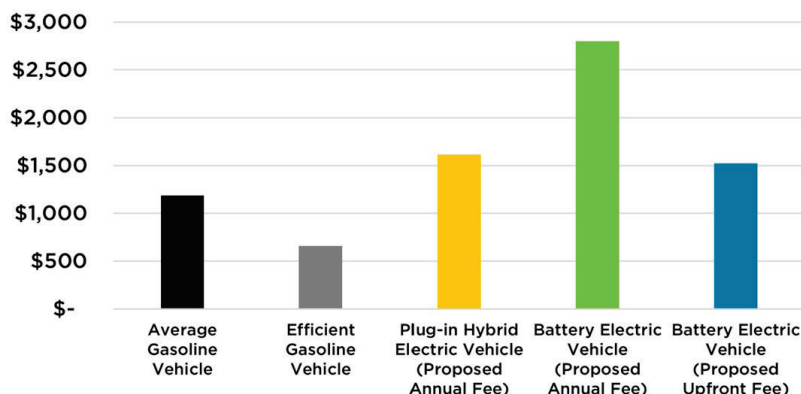
At just 3 to 8 percent of mileage traveled, charging EV drivers a mileage fee comparable to that of gasoline-powered vehicles would have little impact on the solvency of the Highway Trust Fund, which spends about 60 percent more than it takes in. However, it could act to dissuade EV buyers, particularly if accompanied by the elimination of policies designed to grow a still nascent market. Given the health and climate benefits of switching to electric vehicles, we should be focused on enabling that transition, not thwarting it with unnecessary fees.

CONGRESSIONAL EV FEES ARE BOTH COUNTERPRODUCTIVE AND UNFAIR

It's bad enough that the highway lobby is pitching Congress that EV fees are a meaningful way of addressing transportation revenue (as noted above, they're too small to make a dent). It's worse still when that approach not only runs directly counter to our need to move away from a petroleum-focused transportation but is punitively designed to overburden those who are making the choice to get off gasoline.

One proposal from Congress from U.S. Representative Dusty Johnson (R-SD) and Sen. Deb Fischer (R-NE) is designed to disincentivize EV ownership by forcing an upfront surcharge on EVs. New gasoline car buyers pay fuel taxes when they fuel, gradually over the lifetime of the vehicle. If a vehicle is sold, the next owner will pay for the continued fuel consumed, along with any associated fuel taxes. The Johnson and Fischer bills, however, impose two fees upfront on EVs, targeting prospective EV owners—the first is a flat \$1000 fee, no matter any characteristics of the battery-electric vehicle regarding weight or efficiency. The second is an additional fee of \$550 on the manufacturer (which will be passed on to the vehicle purchaser) for every battery module weighing more than 1000 pounds—while according to the bill authors this provision is targeted at heavy-duty electric trucks, the ambiguity in language could ensnare the over 90 percent of light-duty EV packs that meet that weight threshold as well.

Lifetime Contribution to Highway Trust Fund for a Model Year 2026 Vehicle



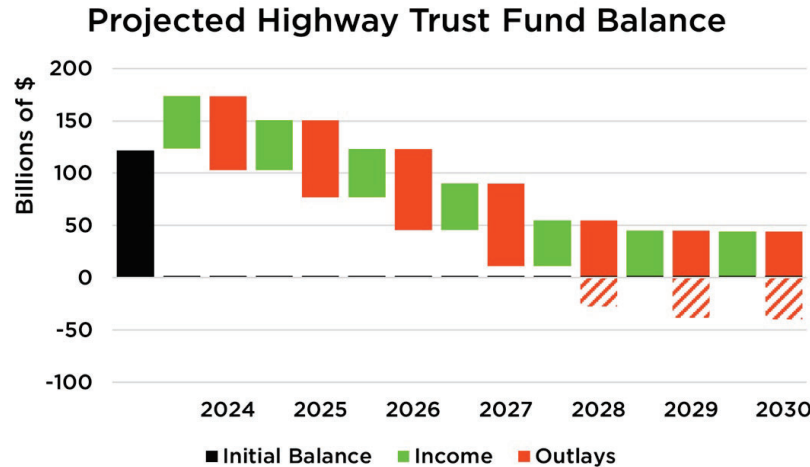
Compared to the average new gasoline vehicle buyer, an EV buyer would be forced to spend between 28 and 135 percent more in fees to the Highway Trust Fund. This is over 2 to 4 times what would be required of someone purchasing a class-leading efficient hybrid. (Costs shown utilize a 2 percent social discount rate for future costs over the lifetime of the vehicle. We have assumed 1:1 representative vehicle types for the vehicles listed. The average gasoline vehicle achieves a real-world efficiency of 27.7 mpg while the average class-leading efficient vehicle would achieve 50.2 mpg.)

An upfront surcharge on an electric vehicle, particularly one that doesn't exist on a gasoline vehicle, would disproportionately burden EV drivers with the costs of roads compared to other drivers. Under current policy, about 8 percent of vehicle miles from now through 2030 would be driven on electricity—with the proposed fees, and assuming Congress does not let the current fuel taxes expire in 2028 as they are set to do, EV drivers would pay about 20 percent of all federal taxes collected from passenger cars and trucks in that same timeframe, hardly a “fair share.”

Another recently reported proposal would put an annual fee of \$200 for battery-electric vehicles and \$100 for plug-in hybrid electric vehicles, but it's again designed to force EV drivers to pay a significantly higher share than gasoline drivers. If Congress is going to enact a fee on EVs, it should be compatible with how we assess fees on the rest of the fleet. The current fuel tax acts as a market signal to drivers and rewards efficiency—punishing drivers for using vehicles that are three times as energy efficient as average while rewarding drivers using vehicles less than twice as efficient as average is an inequitable mess.

THE HIGHWAY TRUST FUND IS BROKEN—EV FEES AREN'T GOING TO FIX THAT

The Congressional Budget Office showed in their latest analysis of the Highway Trust Fund that the Highway Trust Fund is expected to spend \$213 billion more than it takes in (\$261 billion) for fiscal years 2025 through 2030. We estimate even the unfair proposal put forth by Congress would raise between just \$7–33 billion over that same time frame, putting hardly a dent in the deficit even as it penalizes families for reducing global warming emissions and public health harms from their vehicles.



The Bipartisan Infrastructure Law injected a lot of money into the Highway Trust Fund, but the balance continues to go down while the federal government spends more than it takes in every year. The Congressional Budget Office projects that the Highway Trust Fund will be fully depleted sometime in 2028. (The Highway Trust Fund cannot fall below zero—hashed values reflect net annual shortfalls.)

The biggest problem with the Highway Trust Fund isn't what families are contributing—it's the poor outcomes from that investment. Adjusted for inflation, the federal government may be spending half what it used to on brand-new highways, but that still means hundreds of miles of new highways every year, at a cost of over \$10 million per mile. On top of that, major construction projects on existing highways frequently result in increased lane-miles—just last year we increased lane-miles on over 10,000 miles worth of roads, at a cost of just about \$700,000 per mile.

The result of this expansion is a highway system that is not just expensive but unsustainable. The federal government has more than doubled its spending on road repair since 1993, even after adjusting for inflation, and yet the federal share of spending on repair has actually gone down because the National Highway System is a giant money pit, emptying federal, state, and local coffers alike, with total maintenance costs 3.5 times higher in 2023 than in 1993, even after adjusting for inflation.

FUNDING MORE ROADS WON'T GET US WHERE WE NEED TO GO

Until our infrastructure reflects a system that works for everyone, we should not be asking families to invest more of their hard-earned money in it. While prioritizing repair over expansion through "fix it first" or even reducing road lanes via "road diets" may be smarter ways of investing in our roads, that's hardly typical of where our federal dollars go.

If Congress is going to evaluate the effectiveness of federal transportation funding, it must look at both sides of the ledger, not just where the money is coming from but where it is going. Otherwise, the costs will continue to balloon unsustainably, as we see with the Highway Trust Fund.

Letter to Hon. David Rouzer, Chairman, and Hon. Eleanor Holmes Norton, Ranking Member, Subcommittee on Highways and Transit, from Albert Gore, Executive Director, Zero Emission Transportation Association (ZETA), Submitted for the Record by Hon. Eleanor Holmes Norton

DEAR CHAIRMAN ROUZER, RANKING MEMBER NORTON, AND MEMBERS OF THE COMMITTEE:

Zero Emission Transportation Association (ZETA) is an industry coalition representing approximately 50 companies spanning the electric vehicle (EV) supply chain end-to-end, including critical mineral and material producers, cell and battery manufacturers, vehicle manufacturers, charging companies and electric vehicle supply equipment (EVSE) providers, utility companies, and battery recyclers.

Well-funded federal highways are an essential part of a thriving transportation system and American EV manufacturers are willing to pay their fair share in support of our shared roads. ZETA strongly believes that the surface transportation reauthorization process is the appropriate legislative vehicle to consider addressing the HTF, including how alternative fuel vehicles may contribute to it. We urge the Committee to consider any changes to the existing funding structure of the HTF through this process. Any novel tax for American drivers necessitates a deliberative legislative process. This is the best way to ensure that any revenues generated go directly into the HTF, not the General Treasury Fund, in both chambers of Congress.

Maintaining the same gas tax rate since 1993 without adjusting for inflation, advancements in fuel efficiency, and considerably increased investment in highway and transportation infrastructure has resulted in the inability of the HTF to fully cover the increased expenditures authorized by recent highway bills. The balances in both the highway and transit accounts of the HTF will be depleted by 2028.¹ The Congressional Budget Office projects that if current taxes remain in place and if funding for these programs increases annually at the rate of inflation, shortfalls in the HTF's highway and transit accounts will total \$329 billion over the 2024–2035 period.²

Congress must find a long-term solution to declining real gas tax revenue. With non-gas cars increasingly on the road, ZETA believes that alternative fuel vehicles are a part of finding a sustainable path to solvency. The legislative mechanism for achieving this could conceivably take different forms, one of which could be a voluntary “vehicle miles traveled” (VMT) structure to allow drivers to either 1) report their annual odometer readings on annual tax returns or 2) accept a flat fee as an alternative. Fairness for taxpayers driving electric vehicles would be enhanced by providing drivers who travel fewer than 12,000 miles annually with an option to pay a VMT, and to preserve the rights of consumers to lower their fuel costs by choosing more fuel efficient vehicles, the VMT fee would ideally be calculated using measures of fuel efficiency in electric vehicles, such as Miles Per Gallon Equivalent (MPGe), as certified for new vehicles by the The National Vehicle and Fuel Emissions Laboratory (NVFEL).³

Both VMT and flat fee structures have logistical and other challenges, and ZETA would be very interested in the opportunity to engage with the Committee as conversations about this topic continue to develop. Regardless of the ultimate mechanism, ZETA urges that a prospective federal fee be equitable to fees paid by a gas-powered vehicle driver. This is not just a matter of parity, but also the only way to ensure meaningful long-term solvency.⁴

For instance, the average weight of a new light-duty vehicle is 4,371 pounds.⁵ The two best-selling electric vehicles on the market, the Tesla Model 3 and Y, accounting for more than 40 percent of sales,⁶ weigh 4,030 and 4,396 pounds, respectively.^{7,8} Given that average weight and assuming an average annual mileage of around 12,000 miles, ZETA believes that an annual federal road use fee amounting to approximately \$100 per vehicle per year would be a fee level commensurate with the annual gas tax paid by an internal combustion engine vehicle with average fuel efficiency.

Putting a disproportionate fee on alternative fuel cars, particularly a large fee assessed upfront or directly to the manufacturer, would not only create a major hurdle

¹ The Status of the Highway Trust Fund: 2023 Update. (CBO)

² Highway Trust Fund Accounts Baseline Projections. January 2025. (CBO)

³ Fuel Economy and EV Range Testing. (EPA)

⁴ The Status of the Highway Trust Fund: 2023 Update. (CBO)

⁵ The 2024 EPA Automotive Trends Report. (EPA)

⁶ What Is the Percentage of Electric Cars in the U.S.? (Edmunds.com)

⁷ Tesla Model 3. (Tesla)

⁸ Tesla Model Y. (Tesla)

for prospective buyers but also fail to meaningfully address the issue of falling gas tax revenues and the long-term solvency of the Highway Trust Fund. A holistic, tech-neutral approach that doesn't overly burden one part of the auto sector is the best way to ensure both fairness in the automotive industry and consistent funding for our nation's highway system.

ZETA is grateful to Chairman Rouzer, Ranking Member Norton, and the Members of the Committee for their continuing efforts to fund well-maintained, modern, and reliable highway and transit programs. Improving the ways to cover the Highway Trust Fund shortfall is critical to ensure the safety of roads, bridges, and mass transit in the United States, now and in the many years to come.

Thank you for your consideration and the opportunity to provide a letter for the record on this extremely important issue.

Sincerely,

ALBERT GORE,

Executive Director, Zero Emission Transportation Association (ZETA).

APPENDIX

QUESTIONS FROM HON. DINA TITUS TO CARLOS M. BRACERAS, P.E., EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (AASHTO)

Question 1. While we are talking about the National Highway System today, I want to spend a minute on the issue of traffic congestion impacting my constituents in Las Vegas. According to the Texas A&M Transportation Institute's 2023 Urban Mobility Report, the national cost of congestion was \$224 billion in 2022. Researchers also found that the average commuter spent an extra 54 hours stuck in traffic that year.

How have you managed to balance meeting the need for additional transportation system capacity because of the fast-growing population in your state with the ability to keep your existing infrastructure in a state of good repair?

ANSWER. Utah was the fastest growing state in the country over the past 10 years, placing rapidly increasing demands on our transportation system. Our ability to provide the necessary additional roadway capacity is being outpaced by population growth, so the pressure to deliver capital projects is urgent and acute. We are in the enviable position of having state leaders that understand the value of transportation infrastructure investment, so we have a healthy state-funded budget for capacity projects. Remarkably, Utah annually appropriates 27.68 percent (\$1.3B) of state sales tax revenue to fund its capacity program.

As you know, an effective transportation system also requires a proactive approach to maintenance and operations. In Utah, we depend on federal and state funding for road and bridge maintenance and repairs and safety projects as a critical piece of our overall funding approach. Utah is an ideal model as a partner with the federal government because we bring substantial state funding to the critical federal-state partnership.

In Utah, we have come to the realization that there is not a silver bullet for funding transportation. We believe it takes a strong federal partnership, a variety of user fees, and sales tax or other general revenue sources. Each of these components play an important role enabling us to take care of what we have and to address the needs of our growing population. To address the inability of the fuel tax to raise sufficient revenue for our state transportation system, Utah has implemented the following policies:

- **State Sales Tax Earmarks:** A portion of state sales tax revenue is allocated to Utah's capacity program, starting at 8.3 percent in 2006 with incremental increases to an earmark of 27.68 percent in 2025.
- **Fuel Tax Increases:** The state raised fuel taxes from 19 cents per gallon in 1998 to 24 cents, and again in 2016 to 29 cents per gallon.
- **Fuel Tax Indexing:** Fuel taxes have been indexed to the Consumer Price Index since 2019. In 2025, fuel taxes increased to 38.5 cents per gallon.
- **Motor Vehicle Registration Fee Increases and Indexing:** Registration fees increased multiple times between 1997 and 2009, with indexing beginning in 2009.
- **Annual Fee for Alternative Fuel and Hybrid Vehicles:** These fees were introduced in 2016. In 2025, electric vehicles paid \$139, plug-in hybrids paid \$60, and hybrids paid \$23.
- **Local Option Sales Taxes for Transportation:** Utah's first local option sales tax, dedicated to public transit, was adopted in 1975. Currently, local governments can implement up to five local option sales taxes, totaling 1.25 percent for various uses, including public transportation, highways, active transportation, and airports.

Question 2. President Trump's Department of Transportation has threatened to withhold funding to states that do not follow the Trump Administration's immigration agenda or maintain diversity, equity, and inclusion programs. I find this deeply concerning. Transportation funding not only helps keep our transportation networks operational—it also helps ensure that critical infrastructure such as bridges are safe for travelers.

Can you talk about the importance of federal funding to our transportation networks and what the consequences of withholding funding for these programs could be? What is the rationale for tying funding to immigration? Where is the nexus between the two?

ANSWER. It is clear to all policy makers that an effective transportation system is critical to our economy, mobility, health, and communities. It offers a huge lever to affect success, today and in the future. The transportation network connects people with what matters most: jobs, recreation, communities, healthcare, educational opportunities, and—most importantly—the people we care about. We need to coalesce around a shared funding vision so that people have the freedom to go where they want, when they want, how they want—and to do so safely.

QUESTIONS FROM HON. DINA TITUS TO ADIE TOMER, SENIOR FELLOW, BROOKINGS INSTITUTION

Question 1. Congress created the Highway Trust Fund in 1956 and since then, the federal government has been able to provide guaranteed funding for transportation projects across the United States through the contract authority process.

Question 1.a. In your testimony, you highlighted the benefits of separating transportation programs from annual appropriations negotiations by funding them through the Highway Trust Fund. In your opinion, should our rail systems also have guaranteed funding from Congress?

ANSWER. All transportation systems benefit from guaranteed funding, as the fiscal certainty facilitates long-term planning and executing complex, multiyear construction activities. Guaranteed *public* funding is especially important for transportation systems that deliver broad-based societal benefits beyond what user fees alone can capture.

Intercity passenger rail systems neatly fit into this rubric. Facilitating movement of people between different geographic regions—whether for private business, tourism, or other activities—creates direct trade-related economic activity (like customer sales at local retailers) and promotes indirect economic activity (like greater net investment in regional businesses). Passenger rail promotes such transportation-supported activity while using less energy per passenger than aviation and private vehicles, requires less rural and urban land than roadways, and promotes agglomeration around stations (which then generate higher total tax revenues per acre). Passenger rail can also increase connectivity and economic opportunity for smaller communities along corridors, which is similar to highways but a benefit aviation's point-to-point travel struggles with. These net benefits—far more than what each passenger pays on a ticket—is a major reason all G7 members provide multiyear public funding for passenger rail networks.

For these reasons and others, I do personally support guaranteed federal funding from Congress for passenger rail. However, the level of support is a critical area to debate, as well as the role of states, regions, and private owners and operators in co-supporting such federal investments.

Question 1.b. How might our rail systems look different if they had guaranteed funding like those programs that rely on the Highway Trust Fund?

ANSWER. Simply put, guaranteed federal funding would accelerate corridor construction and promote cost efficiency.

Guaranteed federal funding would enable Amtrak, state operators, and private operators to move projects from planning to construction faster, particularly on those corridors targeted for investment. This would not only include spending of federal funds, but also enhance the ability to attract other public and private capital. It's sensible to think of guaranteed federal funding as seed capital or a downpayment for these large, complex suites of projects. Overall, the net effect from guaranteed federal funding would be more projects in motion. My confidence in making this statement is both the experience in our peer countries, but also the construction of the interstate highway system under similar policy fundamentals.

Guaranteed funding also promotes cost efficiency by reducing project risk. When designers, builders, and financiers are uncertain if a capital project has secured enough total funding, they expend additional time to enhance planning documents,

keep staff sharpened on related knowledge, and searching for supplemental capital—all of which requires additional funding resources. Meanwhile, while projects are in limbo, those same professionals are not spending time on activities that must wait for final project approval, such as executing purchase orders for materials and final train sets. Guaranteed federal funding reduces such risks.

The net result of guaranteed funding is more total investment in passenger rail systems and, once projects are completed, greater total operations for passengers.

