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# The Highway Trust Fund's Highway Account

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SUMMARY

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May 14, 2025

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# The Highway Trust Fund's Highway Account

The Highway Trust Fund is a federal accounting mechanism that receives revenue mainly from transportation-related excise taxes and provides a dedicated source of funding for surface transportation. The Highway Trust Fund has two accounts: the highway account and the mass transit account. Since FY2001, expenditures from the highway account have exceeded revenue. The persistent gap between the highway account's revenue and expenditures has raised questions about its long-term sustainability. Based on current trends, the Congressional Budget Office (CBO) projects that in FY2028, the highway account may not have sufficient funds to fulfill federal obligations to states and local governments for transportation projects.

The highway account receives revenue from fuel taxes and other transportation-related excise taxes. About 85% of the highway account's annual revenue comes from fuel taxes—currently set at 18.30 cents per gallon on gasoline and 24.30 cents per gallon on diesel—of which the highway account receives the majority. Congress has not raised fuel taxes since 1993.

In nominal dollars, the highway account's annual revenue has increased since it was established in FY1983. However, the declining growth rate in vehicle miles traveled and the increasing fuel efficiency of vehicles has cut into revenue from fuel taxes. Hybrid vehicles and electric vehicles (EVs) pay less or nothing, respectively, by way of federal fuel taxes. When adjusted for inflation, the purchasing power of highway account revenue has varied over time. The purchasing power of the Highway Trust Fund's revenue was highest from the mid-1990s to the mid-2000s, peaking in FY2007. The purchasing power of revenue in FY2023 was the lowest since FY1984.

As with revenue, the highway account's annual expenditures in nominal dollars have increased relatively steadily since FY1983. When adjusted for inflation, the expenditures have varied over time, with periods of higher and lower outlays. Obligations authorized under the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) increased expenditures in FY2023 and FY2024, with the IIJA creating several new highway programs. Funding authorized under the IIJA is to remain available for obligation through FY2029.

Through 2000, highway account revenue was close to or exceeded expenditures. Since 2001, expenditures have exceeded revenue by amounts ranging from $430 million in FY2006 to $16 billion in FY2016 (in 2023-adjusted dollars). Congress has addressed the gap between revenue and expenditures by transferring money to the highway account from the Treasury's General Fund. For example, Congress transferred $51.9 billion to the highway account in 2015 under the Fixing America's Surface Transportation (FAST) Act and $90 billion to the highway account in 2021 under the IIJA.

The Highway Trust Fund's gap between revenue and expenditures is expected to increase. CBO projects that in FY2029, expenditures could exceed revenue by about $40 billion. CBO also projects that in FY2028, the highway account may not have sufficient funds to meet federal obligations. If this occurs, the U.S. Department of Transportation may slow reimbursements to state and local governments for the federal share of highway projects and reduce highway program funds apportioned to states.

Congress may consider several options for addressing the gap between revenue and expenditures. Congress could continue to transfer money from the Treasury's General Fund to the highway account; raise revenue for the highway account, either by increasing existing taxes or imposing new taxes, such as a vehicle miles traveled tax or an annual tax on vehicles; or eliminate the Highway Trust Fund as an accounting mechanism and instead fund highways and public transportation exclusively through the General Fund. Congress could reduce highway account expenditures through various means, such as reducing federal funding for highway projects or requiring states to provide a higher proportion of project costs. Congress could also dedicate all Highway Trust Fund money to highways to the exclusion of other transportation modes, such as public transportation.

On April 30, 2025, the House Committee on Transportation and Infrastructure, as part of reconciliation legislation, proposed a tiered registration fee for vehicles: $250 for EVs, $100 for hybrid vehicles, and no fee for other vehicles (e.g., internal combustion engine vehicles). These fees would increase on an annual basis to account for inflation.

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# Introduction

The Highway Trust Fund is a federal accounting mechanism that provides a dedicated source of funding for certain federal surface transportation programs.[1] Congress established the Highway Trust Fund in 1956 to support construction of the Interstate Highway System and certain other roads.[2] Today, Highway Trust Fund dollars are used to meet obligations authorized under surface transportation reauthorization legislation, such as the Fixing America's Surface Transportation Act (FAST Act; P.L. 114-94) enacted in 2015 and the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) enacted in 2021.[3]

The Highway Trust Fund has two accounts: the highway account and the mass transit account.[4] The majority of funds flow through the highway account. The highway account provides funding primarily for the federal-aid highway program and highway and vehicle safety programs, as well as for highway research.[5] Congress established the mass transit account as part of the Surface Transportation Assistance Act of 1982 (P.L. 97-424, §531). The mass transit account provides funding for "making capital or capital related expenditures" on public transportation projects.[6] For more information about the federal public transportation program, see CRS Report R47002, *Federal Public Transportation Program: In Brief*, by William J. Mallett.

Because the highway account and the mass transit account fund separate programs with separate spending levels, the balance of one account may deplete more quickly than the other account. This report focuses on the highway account balance.

For many years, highway account revenue exceeded or was roughly equal to expenditures. Since FY2001, however, expenditures have exceeded revenue. If the current revenue and expenditure trends continue, the highway account balance would approach zero in FY2028. If this occurs, the Federal Highway Administration (FHWA) may slow reimbursements to states and local governments for the federal share of transportation project costs.[7] FHWA could also reduce highway apportionments to the states.[8]

This report begins by discussing highway account revenue, including how inflation has reduced the purchasing power of such revenue and how the value of fuel taxes has declined. This report also describes highway account expenditures. Finally, this report discusses potential

[1] A *federal trust fund* is "an accounting mechanism used to link dedicated collections with their expenditure for a specific purpose or program." See U.S. Government Accountability Office (GAO), *Federal Trust Funds and Other Dedicated Funds: Fiscal Sustainability Is a Growing Concern for Some Key Funds*, GAO-20-156, January 2020, p. 4, https://www.gao.gov/assets/gao-20-156.pdf.

[2] P.L. 84-627, §209, https://www.govinfo.gov/content/pkg/STATUTE-70/pdf/STATUTE-70-Pg374.pdf#page=25.

[3] 26 U.S.C. §9503(c)(1) and 26 U.S.C. §9503(e)(3).

[4] Congress established the mass transit account in the Highway Revenue Act of 1982, part of the Surface Transportation Assistance Act of 1982 (P.L. 97-424). The portion of the Highway Trust Fund separate from the mass transit account is commonly referred to as the highway account, though not formally designated as such. See U.S. Department of Transportation (DOT), Federal Highway Administration (FHWA), Office of Policy Development, *Primer: Highway Trust Fund*, November 1998, p. 3, https://rosap.ntl.bts.gov/view/dot/13489/dot_13489_DS1.pdf.

[5] P.L. 117-58; P.L. 114-94; P.L. 112-141; and P.L. 109-59.

[6] 26 U.S.C. §9503(e)(3).

[7] In 2014, the Secretary of Transportation wrote to the directors of the state departments of transportation describing "cash management procedures to be undertaken by the Federal Highway Administration in the event of a shortfall." See Letter from Anthony R. Foxx, Secretary of Transportation, to John R. Cooper, Alabama Transportation Director, July 1, 2014, https://www.transportation.gov/sites/dot.gov/files/docs/State-DOT-Letter-July-1-2014.pdf.

[8] See "Byrd Test," in DOT, FHWA, *Funding Federal-aid Highways*, FHWA-PL-17-011, January 2017, pp. 47-48, https://www.fhwa.dot.gov/policy/olsp/fundingfederalaid/FFAH_2017.pdf.

congressional options for addressing the gap between highway account revenue and expenditures, including increasing revenue, decreasing expenditures, and using other funding sources in place of or in addition to the Highway Trust Fund.

# Highway Account Revenue

## Sources of Revenue

The Highway Trust Fund receives revenue from fuel and other transportation-related excise taxes.[9] The Highway Trust Fund's primary sources of revenue are the 18.30 cents per gallon tax on gasoline and the 24.30 cents per gallon tax on diesel.[10] The highway account receives an allocation equivalent to 15.44 cents of the gasoline tax and 21.44 cents of the diesel tax, while the mass transit account receives 2.86 cents of the gasoline tax and 2.86 cents of the diesel tax. The highway account and the mass transit account also receive portions of other fuel taxes dedicated to the Highway Trust Fund as indicated in **Table 1**.[11]

Fuel taxes typically make up roughly 85% of the highway account's annual revenue: about 60% from the gasoline tax and about 25% from the diesel tax. The highway account also receives revenue from other transportation-related excise taxes. These include taxes on certain heavy truck and trailer sales, taxes on heavy truck tires, a weight-based annual heavy vehicle use tax, penalties related to fuel tax evasion, penalties collected for motor vehicle safety fines, and interest on investments.[12]

Most of the taxes that provide revenue to the Highway Trust Fund are rates fixed by Congress and changed by an act of Congress.[13] For example, Congress set the gasoline tax at 3 cents per gallon in 1956[14] and has since increased the gasoline tax four times to

1. 4 cents per gallon in 1959; [15]
2. 9 cents per gallon in 1982; [16]
3. 14 cents per gallon in 1990;[17] and

[9] Excise taxes are those on specific consumption or behavior, as opposed to general sales taxes, which tend to apply to all consumption with some exceptions. For more information about excise taxes, see CRS Report R46938, *Federal Excise Taxes: Background and General Analysis*, by Anthony A. Cilluffo.

[10] 26 U.S.C. §4081(a)(2)(A). An additional 0.1 cent per gallon tax is on both gasoline and diesel. This tax revenue is directed to the Leaking Underground Storage Tank Trust Fund (often referred to as the LUST Trust Fund), not the Highway Trust Fund. As a result, some sources may refer to an 18.4 cents per gallon gasoline tax and a 24.4 cents per gallon diesel tax.

[11] 26 U.S.C. §9503(e)(2). Congress created the mass transit account as part of a deal between urban and rural interests: "Urban legislators agreed to support a massive motor fuels tax increase (from 4 cents per gallon to 9 cents per gallon), in exchange for one penny of the nickel fuels tax increase being dedicated to a new Mass Transit Account within the Trust Fund." See Jeff Davis, "Highway Trust Fund 101: What Is the 80-20 Highway-Transit Split?," Eno Center for Transportation, August 15, 2023, https://enotrans.org/article/highway-trust-fund-101/#what-is-htf.

[12] 26 U.S.C. §9503(b)(1); 26 U.S.C. §9503(b)(5); and 26 U.S.C. §9602.

[13] The 12% tax on the retail sale of trucks, trailers, and tractors scales with changes in the retail prices of those vehicles.

[14] P.L. 84-627, §205.

[15] P.L. 87-61.

[16] P.L. 97-424.

[17] P.L. 101-508. The Highway Trust Fund received 11.5 cents—1.5 cents went to the mass transit account, and 2.5 cents went toward deficit reduction.

4. 18.30 cents per gallon in 1993.[18]

Some of the taxes deposited into the Highway Trust Fund have expiration dates. The taxes on tires and on truck and trailer sales are to expire at the end of FY2028, and the taxes on heavy vehicle use are to expire at the end of FY2029. Three of the fuel taxes (the gasoline tax, the diesel tax, and the methanol tax) are to be reduced at the end of FY2028. For example, the gasoline and diesel taxes are to be reduced to 4.30 cents per gallon at the end of FY2028. The provision that requires the Treasury Department to deposit revenues from these taxes in the Highway Trust Fund also is to expire on October 1, 2028.[19] In previous surface transportation reauthorization acts, Congress extended these expiration and reduction dates.[20] See the fourth column in **Table 1** for the expiration or reduction date for each tax.

**Table 1. Federal Transportation-Related Excise Taxes Deposited into the Highway Trust Fund as of FY2025**

| Tax Type | Tax Rate | Statute | Expiration/Reduction Date |
|---|---|---|---|
| **Fuel Taxes** | | | |
| Gasoline and gasohol[a] | 18.30 cents per gallon | 26 U.S.C. §4081(a)(2)(A)(i) | Reduces to 4.30 cents per gallon after September 30, 2028 |
| Diesel | 24.30 cents per gallon | 26 U.S.C. §4081(a)(2)(A)(iii) | Reduces to 4.30 cents per gallon after September 30, 2028 |
| Alternative fuels | | | |
| General rate for alternative fuels | 18.30 cents per gallon | 26 U.S.C. §4041(a)(2)(B)(i) | Not applicable (N/A) |
| Liquified petroleum gas | 18.30 cents per gasoline-equivalent gallon | 26 U.S.C. §4041(a)(2)(B)(ii) | N/A |
| Liquified natural gas | 24.30 cents per gallon diesel-equivalent gallon | 26 U.S.C. §4041(a)(2)(B)(iv) | N/A |
| Methanol from natural gas | 9.15 or 11.30 cents per gallon (depending on ethanol content) | 26 U.S.C. §4041(m)(1) | Reduces to 2.15 or 4.30 cents per gallon (depending on ethanol content) after September 30, 2028 |
| Compressed natural gas | 18.30 cents per gasoline-equivalent gallon | 26 U.S.C. §4041(a)(3) | N/A |
| **Other Excise Taxes** | | | |
| Tires | 9.45 cents per each 10 pounds of maximum rated load capacity in excess of 3,500 | 26 U.S.C. §4071(a) | Expires October 1, 2028 |

[18] P.L. 103-66. Initially, the 4.3 cent increase went to the Treasury's General Fund for deficit reduction. In 1997, P.L. 105-34 redirected the 4.3 cents that had gone to the General Fund to the Highway Trust Fund.

[19] 26 U.S.C. §9503(b).

[20] For example, see P.L. 117-58, §80102(a)(1)(C); P.L. 114-94, §31102(a)(1)(C); P.L. 112-141, §40102(a)(1)(C); P.L. 112-30, §142(a)(1)(C); P.L. 109-59, §11101(a)(1)(F); and P.L. 105-178, §9002(a)(1)(F).

| Tax Type | Tax Rate | Statute | Expiration/Reduction Date |
|---|---|---|---|
| Truck, trailer, and tractor sales | 12% of retail sale price | 26 U.S.C. §4051(a)(1) | Expires October 1, 2028 |
| Heavy vehicle use | | | |
| Vehicles weighing between 55,000 and 75,000 pounds | $100 per year plus $22 for each 1,000 pounds in excess of 55,000 | 26 U.S.C. §4481 | Expires October 1, 2029 |
| Vehicles weighing over 75,000 | $550 per year | 26 U.S.C. §4481 | Expires October 1, 2029 |

**Sources:** In addition to the statutes cited above, see 26 U.S.C. §9503(b) and U.S. Department of Transportation (DOT), Federal Highway Administration (FHWA), "Chapter 7: The Highway Trust Fund," in *Funding Federal-aid Highways*, FHWA-PL-17-011 January 2017, https://www.fhwa.dot.gov/policy/olsp/fundingfederalaid/07.cfm.

**Notes:** Some of the taxes have expiration dates or dates on which the amount of the tax is set to decrease. In previous surface transportation reauthorization acts, Congress has extended these expiration/reduction dates.

a. Gasohol is a blend of gasoline and ethyl alcohol, commonly 90% gasoline and 10% ethanol.

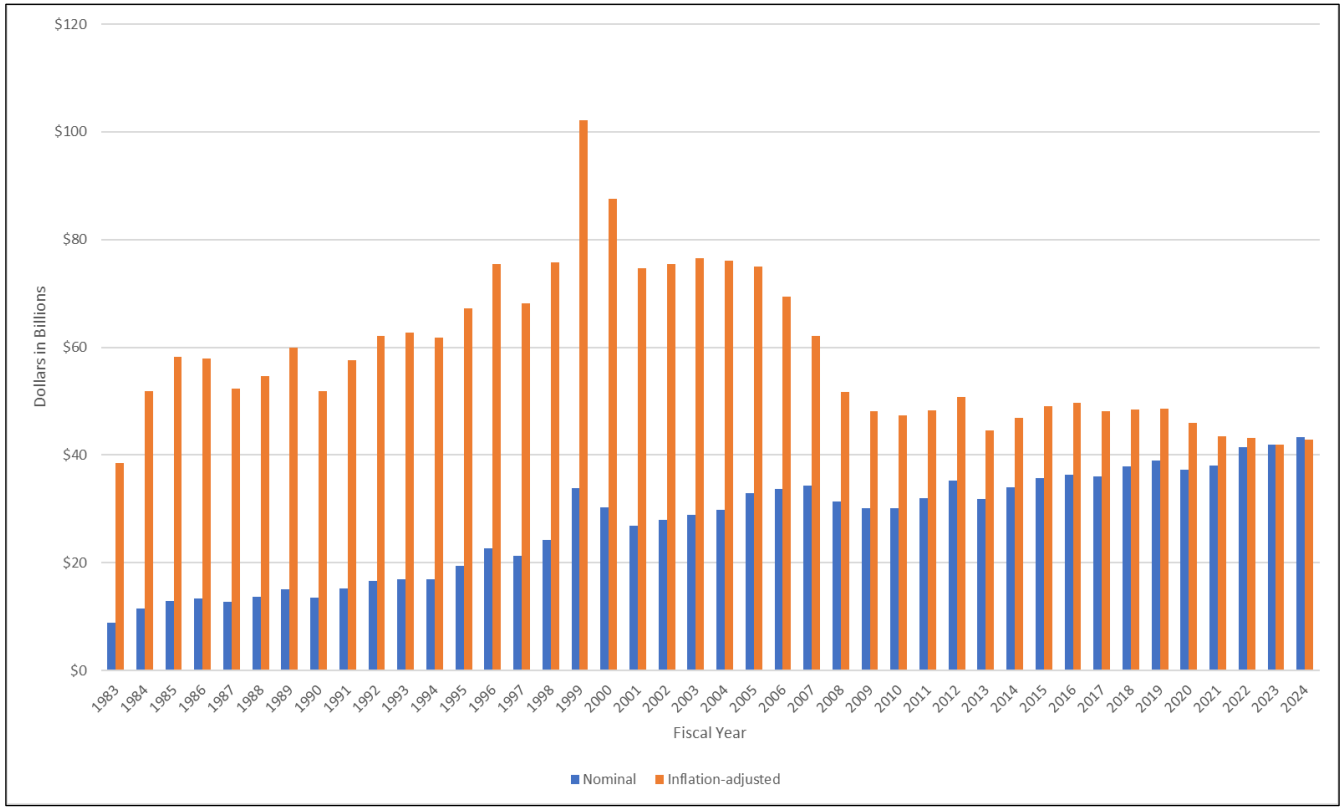
## Purchasing Power of Highway Account Revenue

In nominal dollars, the highway account's annual revenue has generally increased since the two accounts were established in FY1983, mostly due to growth in the consumption of motor vehicle fuels and occasional increases in tax rates. However, when adjusted for inflation, the purchasing power of highway account revenue has varied over time. Purchasing power was greatest from the mid-1990s to the mid-2000s. The purchasing power of highway account revenue generally began to decline in FY2007. In FY2023, the purchasing power of its revenue was the lowest since FY1984.

**Figure 1** shows highway account annual revenue in both nominal and inflation-adjusted dollars from FY1983 to FY2024.

**Figure 1. Highway Account Revenue, FY1983-FY2024**

in nominal and FY2023 inflation-adjusted dollars



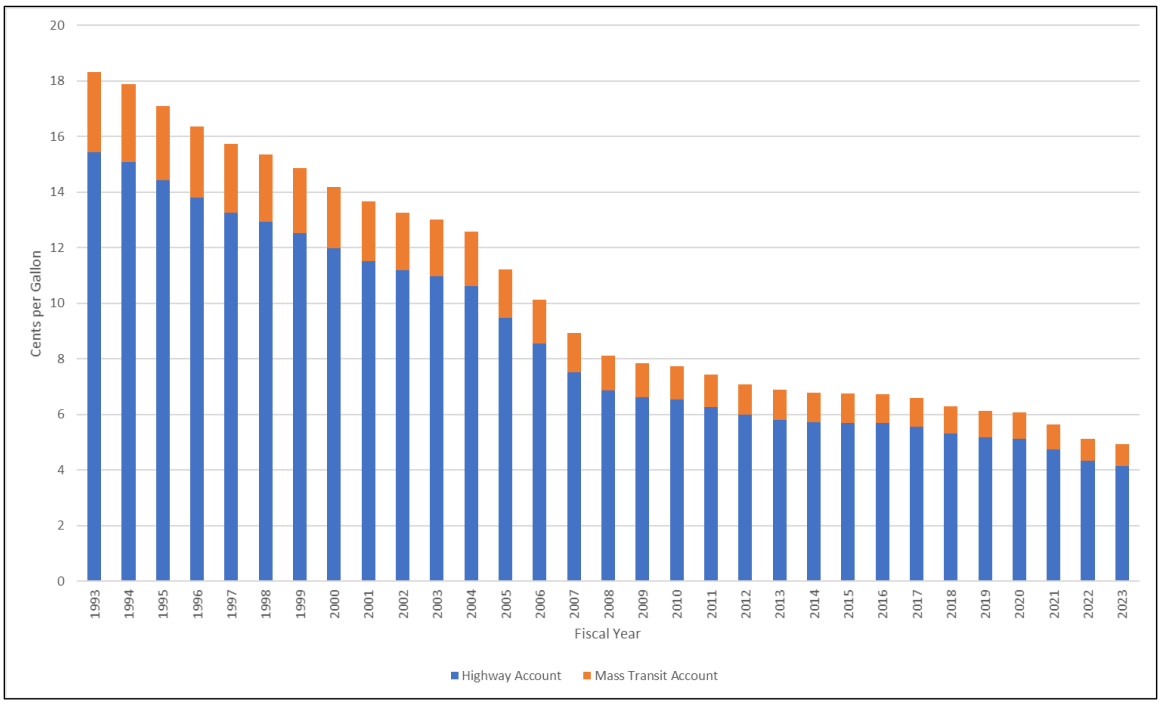

**Sources:** DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Table FE-210, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/fe210.cfm; Congressional Budget Office (CBO), *Baseline Projections: Highway Trust Fund Accounts*, June 2024, https://www.cbo.gov/system/files/2024-06/51300-2024-06-highwaytrustfund.pdf; and CBO, *Baseline Projections: Highway Trust Fund Accounts,* January 2025, https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf. The inflation adjustment for 1983-2023 was calculated using Bureau of Economic Analysis (BEA), "National Data: National Income and Produce Accounts," Table 5.9.4 Price Indexes for Gross Government Fixed Investment by Type, September 27, 2024, line 25. For 2024, the index value was imputed using BEA, "National Data: National Income and Produce Accounts," Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment, January 30, 2025, line 35.

**Note:** The Taxpayer Relief Act (P.L. 105-34) delayed transfer of FY1998's fourth quarter fuel tax receipts until the first quarter of FY1999.

Congress last raised the gasoline tax in FY1993. Because the fuel taxes are not tied to inflation, they lose purchasing power over time. The tax lost approximately 73% of its purchasing power to inflation between FY1993 and FY2023.[21]

**Figure 2. Purchasing Power of the Federal Gasoline Tax Dedicated to the Highway Trust Fund**

adjusted for inflation to reflect FY1993 value




**Source:** Adjusted for inflation using BEA, "National Data: National Income and Produce Accounts," Table 5.9.4 Price Indexes for Gross Government Fixed Investment by Type, September 27, 2024, line 25.

As with the gasoline tax, Congress last raised the diesel tax in FY1993. The diesel tax has similarly lost approximately 73% of its purchasing power to inflation.

## Diminishing Value of Fuel Taxes

Fuel tax revenue is not only determined by tax rates. Because the fuel taxes are calculated by the gallon, revenue is also impacted by how many gallons of fuel are used in a year. Changes in the number of miles driven per year and the fuel efficiency and fuel type of vehicles may also affect the value of fuel taxes.

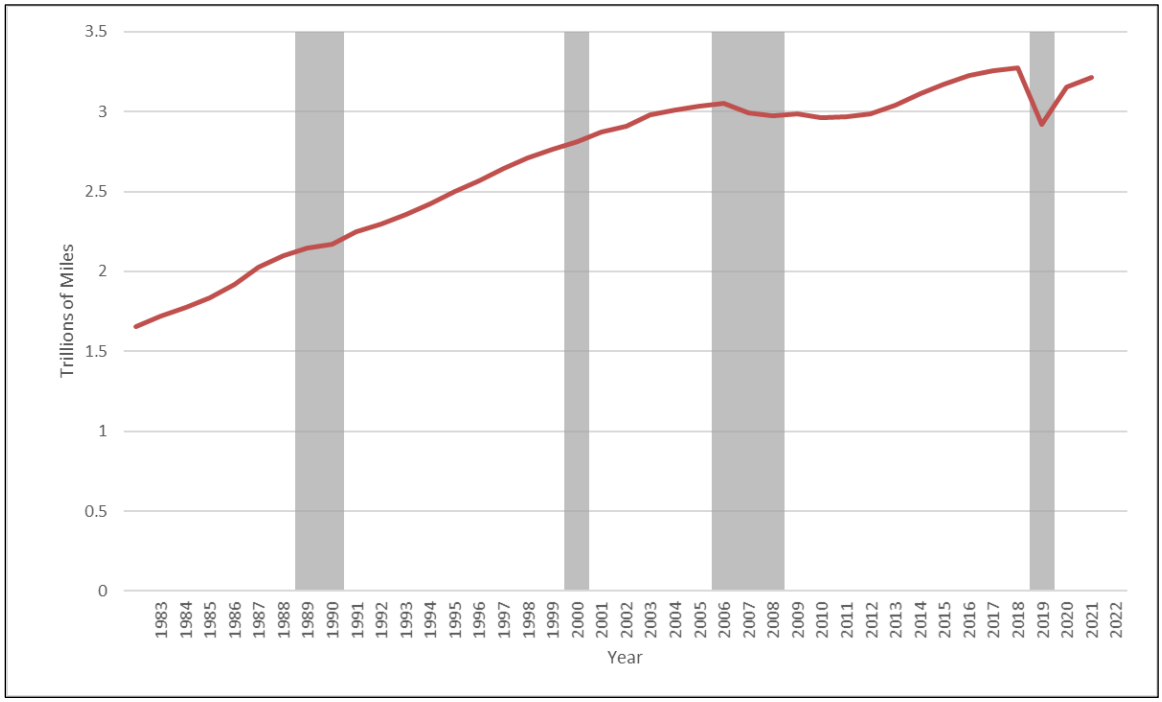
### Vehicle Miles Traveled

The total number of miles driven (called vehicle miles traveled, or VMT) on public roads in the United States is higher now than it was in the past. VMT has varied over time due to population growth, an increasing number of licensed drivers, and other factors. VMT has tended to stagnate

[21] Adjusted for inflation using Bureau of Economic Analysis (BEA), "National Data: National Income and Produce Accounts," Table 5.9.4 Price Indexes for Gross Government Fixed Investment by Type, September 29, 2023, line 25. Results vary based on the price index. For example, using the Consumer Price Index, an 18.30 cent tax in FY2023 had equivalent purchasing power to an 8.63 cent tax in FY1993.

during economic recessions. For example, from 2008 to 2014 the annual VMT was lower than it had been in 2007. Annual VMT increased again from 2015 to 2019. In 2020, annual VMT again declined concurrent to closures due to the COVID-19 pandemic. From 2020 to 2022, the latest year for which FHWA provides data, annual VMT increased but did not reach as high as annual VMT in 2019. **Figure 3** shows annual VMT from 1983 to 2022.[22]

**Figure 3. Annual Vehicle Miles Traveled on U.S. Public Roads, 1983-2022**




**Sources:** Vehicle miles traveled from DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Chart VMT-421C, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/vmt421c.cfm. Economic recessions from National Bureau of Economic Research, "U.S. Business Cycle Expansions and Contractions," updated March 14, 2023, https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions.

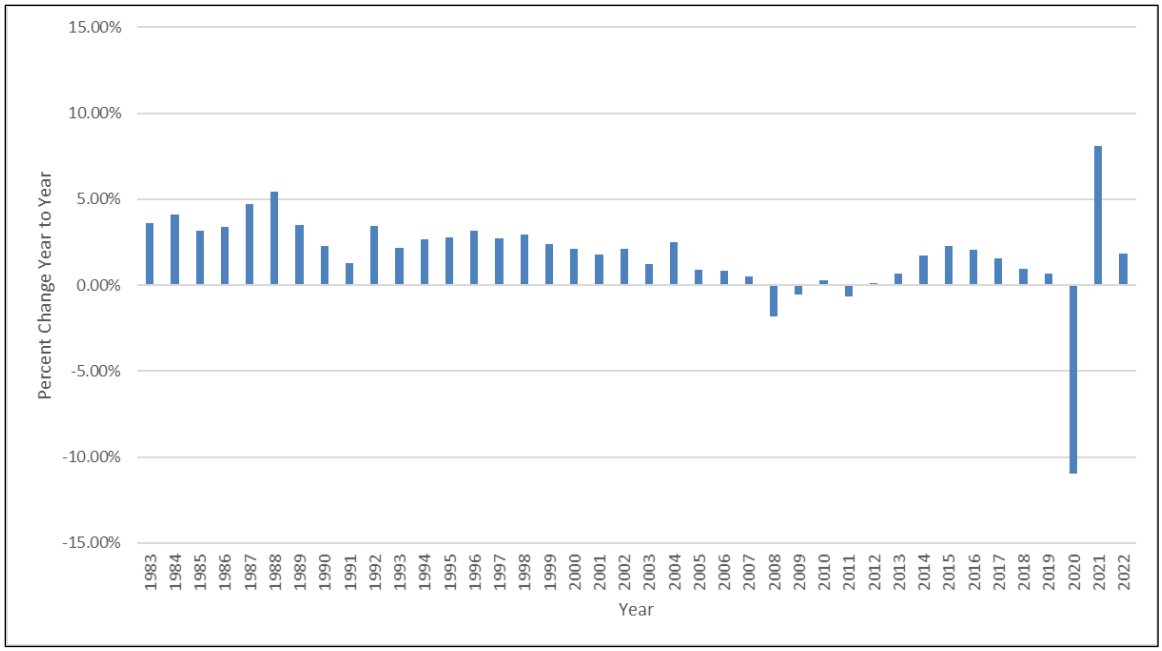
**Notes:** Shaded areas are economic recessions. A year is shown as being in a recession if any month of that year was part of a recession.

The rate of increase has declined over time. Excluding the COVID-19 pandemic, the rate increases last topped 5% in 1988. From 1957 to 1988, the annual rate of increase in national VMT was 3.8%. From 1989 to 2022, it was 1.4%. (**Figure 4** illustrates the declining growth rate of annual VMT.) FHWA projects that VMT is set to increase at an average annual rate of 0.5% per year through 2050.[23]

[22] DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Chart VMT-421C, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/vmt421c.cfm.

[23] DOT, FHWA, Office of Highway Policy Information, "2024 FHWA Forecasts of Vehicle Miles Traveled (VMT)," June 2024, https://www.fhwa.dot.gov/policyinformation/tables/vmt/vmt_forecast_sum.cfm.

**Figure 4. Annual Rate of Change for Vehicle Miles Traveled on U.S. Public Roads, 1983-2022**




**Source:** DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Chart VMT-421C, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/vmt421c.cfm.

## Vehicle Fuel Economy

Highway account revenue is also affected by improved fuel economy in newer vehicles. In 1975, average vehicle miles per gallon in the United States was about 13.1, whereas in 2023 it was 27.1.[24] Under rules issued in 2022, new passenger cars and light-duty trucks across all fuel types are expected to attain an average fuel economy of 49 miles per gallon in model year 2026.[25] Some gasoline-powered internal combustion engine vehicles are becoming more fuel efficient. Hybrid vehicles and electric vehicles (EVs) pay less or nothing, respectively, by way of federal fuel taxes. This leads to drivers of vehicles with internal combustion engines paying varying amounts, and others not contributing, to the Highway Trust Fund. To compensate for lost gasoline tax revenue at the state level, at least 40 states have established fees on EVs and/or hybrid vehicles, implemented a pilot to tax vehicles by miles traveled, or both.[26]

[24] U.S. Environmental Protection Agency, "50 Years of EPA's Automotive Trends Report," December 4, 2024, https://www.epa.gov/greenvehicles/50-years-epas-automotive-trends-report.

[25] DOT, "USDOT Announces New Vehicle Fuel Economy Standards for Model Year 2024-2026," press release, April 1, 2022, https://www.transportation.gov/briefing-room/usdot-announces-new-vehicle-fuel-economy-standards-model-year-2024-2026.

[26] Austin Igleheart, "Special Fees on Plug-In Hybrid and Electric Vehicles," National Conference of State Legislatures (NCSL), March 27, 2023, https://www.ncsl.org/energy/special-fees-on-plug-in-hybrid-and-electric-vehicles; and GAO, *Highway Trust Fund: Federal Highway Administration Should Develop and Apply Criteria to Assess How Pilot Projects Could Inform Expanded Use of Mileage Fee Systems*, GAO-22-104299, January 2022, p. 30, https://www.gao.gov/products/gao-22-104299.

In 2023, EVs made up approximately 1.2% of all passenger vehicles on U.S. roads.[27] While the number of sales of EVs continues to increase, the rate of growth in EV sales in the United States has recently declined and projections for future growth are uncertain. In 2023, EVs and hybrids accounted for 16.3% of all new light-duty vehicle sales; in 2022 they accounted for 12.9%.[28] The relative annual growth in 2023 was slower than in 2021 and 2022. In 2023, the Energy Information Administration (EIA) projected that by 2030, EVs could account for 10%-26% of all new vehicle sales and that by 2050, EVs could account for 13%-29% of all new vehicle sales.[29]

Supply and demand for EVs depends on many factors. For example, the supply of EVs may be limited by the cost and availability of minerals that go into the batteries.[30] Demand may be influenced by factors such as purchase price, concerns about access to charging stations, and high battery replacement costs, among others.[31] Federal and state policy decisions, such as tax incentives and emissions standards, can affect both the supply of and demand for EVs.[32]

# Highway Account Expenditures

As with revenue, the highway account's annual expenditures in nominal dollars have increased relatively steadily since the account was established in FY1983. However, when adjusted for inflation, the expenditures have varied over time. In real terms, expenditures peaked in FY2002 and then declined until FY2010. Since FY2011, expenditures have ranged from roughly $48 billion in FY2022 to $61 billion in FY2016 (in FY2023 dollars). **Figure 5** illustrates highway account expenditures from FY1983 to FY2024.

Budget authority provided under the IIJA may increase expenditures for the next several years. The IIJA provided highway funding from FY2022 to FY2026, but funding from the Highway Trust Fund remains available for obligation for four years, meaning that funding authorized by the IIJA may still be available for obligation as late as FY2029 if no other action is taken. The Congressional Budget Office (CBO) reports that outlays from the highway account totaled about $50 billion in FY2023 and about $57 billion in FY2024.[33]

[27] U.S. Department of Energy, Alternative Fuels Data Center, "Vehicle Registration Counts by State," accessed April 29, 2025, https://afdc.energy.gov/vehicle-registration.

[28] U.S. Energy Information Administration (EIA), "Electric Vehicles and Hybrids Surpass 16% of Total 2023 U.S. Light-Duty Vehicle Sales," January 31, 2024, https://www.eia.gov/todayinenergy/detail.php?id=61344; International Energy Organization, *Global EV Outlook 2024: Trends in Electric Cars*, https://www.iea.org/reports/global-ev-outlook-2024/trends-in-electric-cars.

[29] EIA, "Incentives and Lower Costs Drive Electric Vehicle Adoption in Our Annual Energy Outlook," May 15, 2023, https://www.eia.gov/todayinenergy/detail.php?id=56480.

[30] For more information about the minerals used in electric batteries, see CRS Report R48149, *Critical Minerals and Materials for Selected Energy Technologies*, by Emma Kaboli.

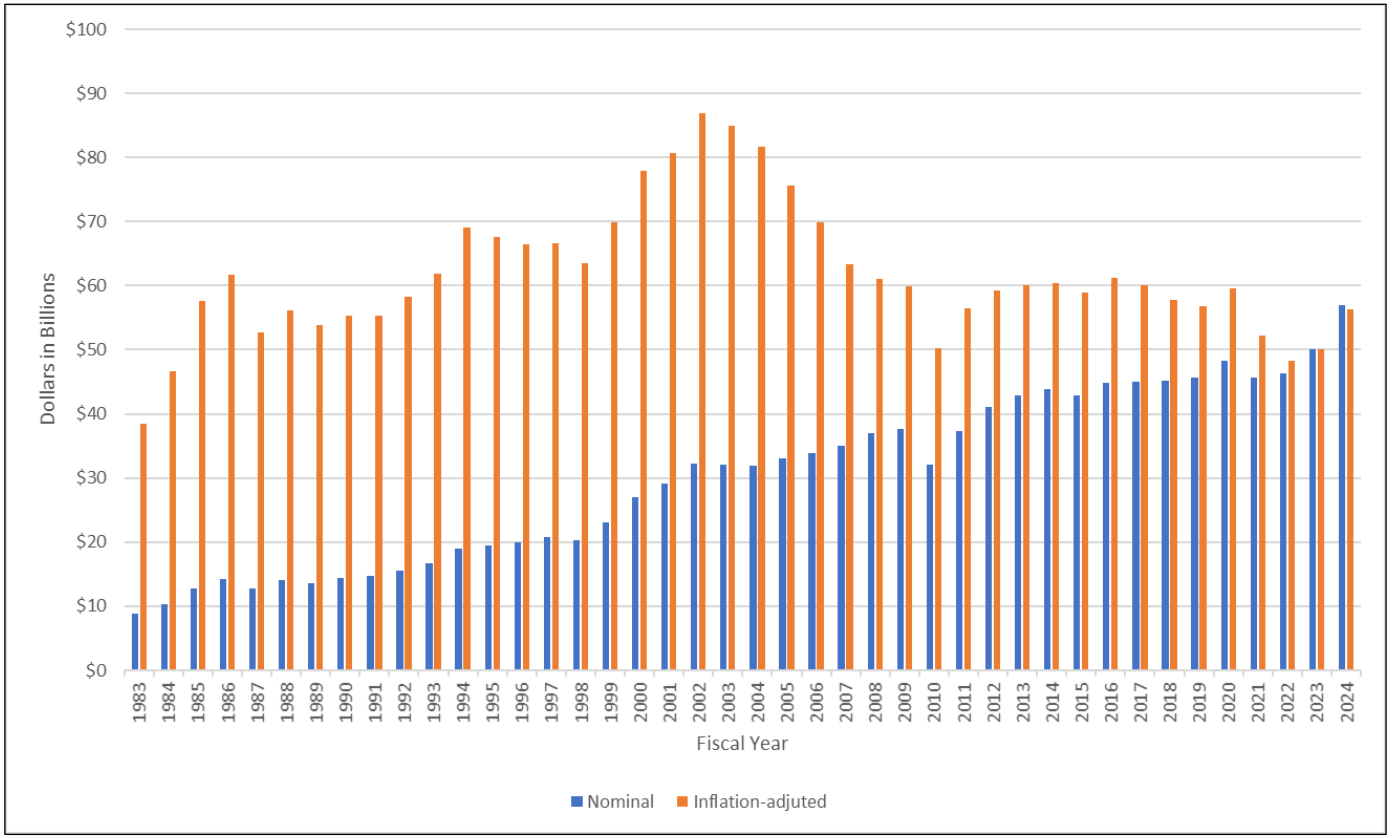
[31] Apurva Pamidimukkala et al., "Evaluation of Barriers to Electric Vehicle Adoption: A Study of Technological, Environmental, Financial, and Infrastructure Factors," Table 3: Ranking of Barriers to EV Adoption, *Transportation Research Interdisciplinary Perspectives*, vol. 22 (November 2023).

[32] For more information about electric vehicles, see CRS Report R46231, *Electric Vehicles: A Primer on Technology and Selected Policy Issues*, by Melissa N. Diaz.

[33] CBO, *Baseline Projections: Highway Trust Fund Accounts*, June 2024, https://www.cbo.gov/system/files/2024-06/51300-2024-06-highwaytrustfund.pdf; CBO, *Baseline Projections: Highway Trust Fund Accounts*, January 2025, https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf.

**Figure 5. Highway Account Expenditures, FY1983-FY2024**

in nominal dollars and FY2023 inflation-adjusted dollars




**Sources:** DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Table FE-210, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/fe210.cfm; CBO, *Baseline Projections: Highway Trust Fund Accounts*, June 2024, https://www.cbo.gov/system/files/2024-06/51300-2024-06-highwaytrustfund.pdf; and CBO, *Baseline Projections: Highway Trust Fund Accounts,* January 2025, https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf. The inflation adjustment for 1983-2023 was calculated using BEA, "National Data: National Income and Produce Accounts," Table 5.9.4 Price Indexes for Gross Government Fixed Investment by Type, September 27, 2024, line 25. For 2024, the index value was imputed using BEA, "National Data: National Income and Produce Accounts," Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment, January 30, 2025, line 35.

# Gap Between Revenue and Expenditures

Since FY2001, highway account expenditures have consistently exceeded revenue by amounts ranging from $430 million in FY2006 to $16 billion in FY2016 (in 2023-adjusted dollars).[34] According to CBO, revenue and interest credited to the highway account in FY2024 were about $43 billion, while expenditures were about $57 billion, a gap of approximately $14 billion.[35]

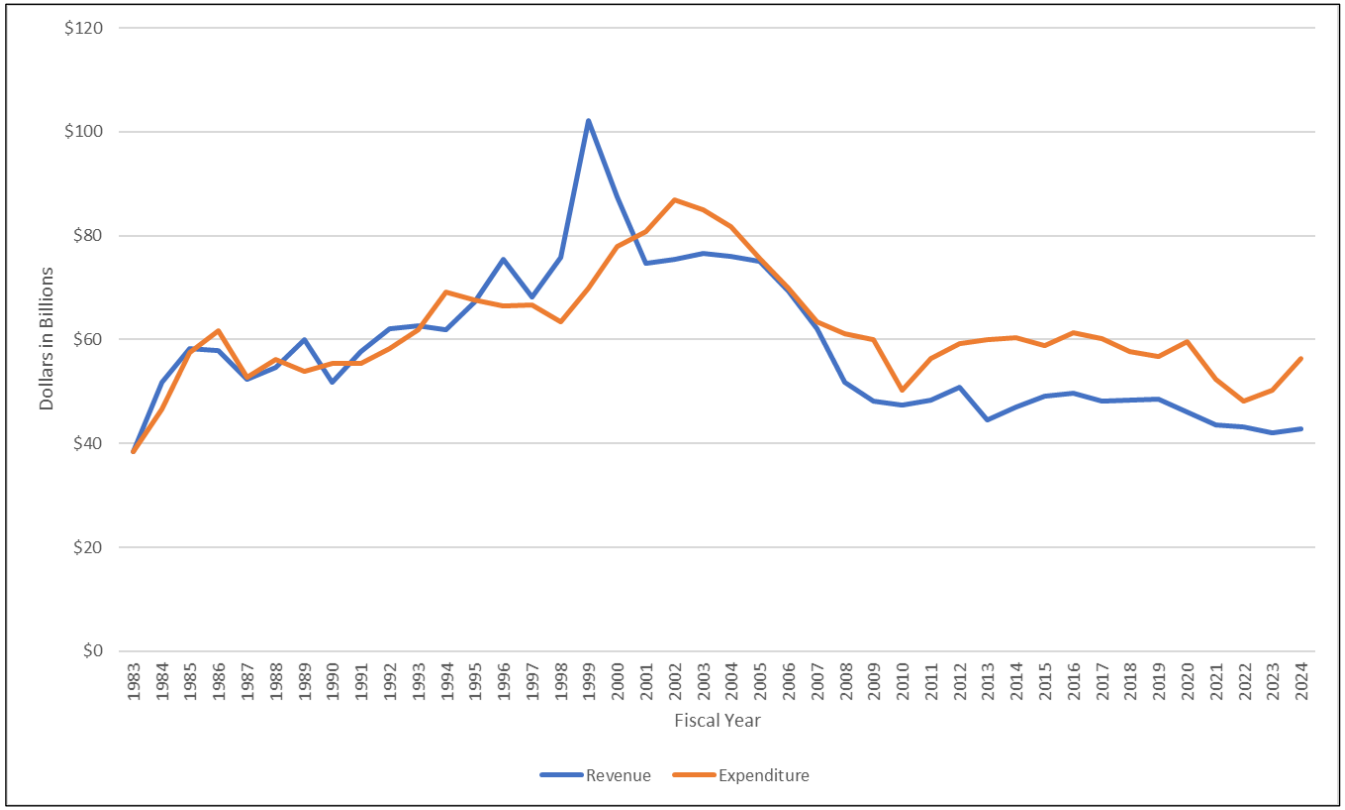
**Figure 6** shows Highway Trust Fund revenue and expenditures (adjusted for inflation) between FY1983 and FY2024.

[34] Testimony of Joseph Kile, assistant director for Microeconomic Studies, CBO, in U.S. Congress, Senate Committee on Finance, *The Status of the Highway Trust Fund and Options for Paying for Highway Spending*, hearing, 114th Cong., 1st sess., June 18, 2015, available at https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50297-transportationtestimony-senate.pdf (p. 4).

[35] CBO, *Baseline Projections: Highway Trust Fund Accounts*, January 2025, https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf.

**Figure 6. Highway Account Revenue and Expenditures, FY1983-FY2024**

in nominal and FY2023 inflation-adjusted dollars




**Sources:** DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Table FE-210, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/fe210.cfm; CBO, *Baseline Projections: Highway Trust Fund Accounts*, June 2024, https://www.cbo.gov/system/files/2024-06/51300-2024-06-highwaytrustfund.pdf; and CBO, *Baseline Projections: Highway Trust Fund Accounts,* January 2025, https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf. The inflation adjustment for 1983-2023 was calculated using BEA, "National Data: National Income and Produce Accounts," Table 5.9.4 Price Indexes for Gross Government Fixed Investment by Type, September 27, 2024, line 25. For 2024, the index value was imputed using BEA, "National Data: National Income and Produce Accounts," Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment, January 30, 2025, line 35.

**Note:** The Taxpayer Relief Act (P.L. 105-34) delayed transfer of FY1998's fourth quarter fuel tax receipts until the first quarter of FY1999.

## Transfers to the Highway Account

Congress has addressed the gap between revenue and expenditures since FY2007 by transferring money to the highway account, mostly from the Treasury's General Fund. (Some money was transferred from the Leaking Underground Storage Tank Trust Fund, often referred to as the LUST Trust Fund.) Since 2008, Congress has transferred increasing amounts from the General Fund to the highway account, including $90 billion transferred through the IIJA in FY2021.[36]

**Table 2** shows transfers to the highway account and the mass transit account from the General Fund and the LUST Trust Fund.

**Table 2. Transfers to the Highway Trust Fund**

in billions of dollars; reflects sequestration for FY2013 and FY2014

| Public Law | Effective Date | Highway Account | Mass Transit Account | Highway Trust Fund Total |
|---|---|---|---|---|
| P.L. 110-318 | Sept. 15, 2008 | $8.017 | N/A | $8.017 |
| P.L. 111-46 | Aug. 7, 2009 | $7.000 | N/A | $7.000 |
| P.L. 111-147 | Mar. 18, 2010 | $14.700 | $4.800 | $19.500 |
| P.L. 112-141 | July 6, 2012 | | | |
| LUST | for FY2012 | $2.400 | N/A | $2.400 |
| General Fund | for FY2013 | $5.884 | N/A | $5.884 |
| General Fund | for FY2014 | $9.651 | $2.042 | $11.693 |
| P.L. 113-159 | Aug. 8, 2014 | $7.765 | $2.000 | $9.765 |
| LUST | Aug. 8, 2014 | $1.000 | N/A | $1.000 |
| P.L. 114-41 | July 31, 2015 | $6.068 | $2.000 | $8.068 |
| P.L. 114-94 | | | | |
| General Fund | Dec. 4, 2015 | $51.900 | $18.100 | $70.000 |
| LUST | Dec. 4, 2015 | $0.100 | N/A | $0.100 |
| LUST | Oct. 1, 2016 | $0.100 | N/A | $0.100 |
| LUST | Oct. 1, 2017 | $0.100 | N/A | $0.100 |
| P.L. 116-159 | Sept. 25, 2020 | $10.400 | $3.200 | $13.600 |
| P.L. 117-58 | Nov. 15, 2021 | $90.000 | $28.000 | $118.000 |

**Source:** Public laws as indicated. Sequestration amounts from FHWA.

**Notes:** Transfers are from the Treasury's General Fund unless otherwise indicated. LUST refers to the Leaking Underground Storage Tank Trust Fund administered by the Environmental Protection Agency.

[36] Testimony of Chad Shirley, principal analyst for the Microeconomic Studies Division, CBO, in U.S. Congress, House Subcommittee on Highways and Transit Committee on Transportation and Infrastructure, *The Status of the Highway Trust Fund: 2023 Update*, hearing, 118th Cong., 1st sess., available at https://www.cbo.gov/system/files/2023-10/59634.pdf (p. 2).

## Future Projections

According to CBO, the gap between highway account revenue and expenditures is expected to increase. **Table 3** shows CBO's baseline projections for the highway account as of January 2025.

**Table 3. CBO's Projected Gap Between Highway Account Revenue and Outlays**

in millions of dollars (nominal)

| Year | Highway Account Revenue and Interest | Highway Account Outlays | Gap |
|---|---|---|---|
| FY2024 (Actual) | $43,325 | $56,879 | $13,554 |
| FY2025 | $41,386 | $58,537 | $17,151 |
| FY2026 | $40,396 | $61,353 | $20,957 |
| FY2027 | $39,492 | $62,259 | $22,767 |
| FY2028 | $38,660 | $63,333 | $24,673 |
| FY2029 | $38,138 | $63,857 | $25,719 |
| FY2030 | $37,436 | $64,854 | $27,418 |
| FY2031 | $36,523 | $65,822 | $29,299 |
| FY2032 | $35,706 | $66,724 | $31,018 |
| FY2033 | $35,063 | $68,170 | $33,107 |
| FY2034 | $34,587 | $69,561 | $34,974 |
| FY2035 | $34,271 | $70,975 | $36,704 |

**Source:** CBO, *Baseline Projections: Highway Trust Fund Accounts*, January 2025, https://www.cbo.gov/system/files/2025-01/51300-2025-01-highwaytrustfund.pdf.

According to CBO's baseline projections, the highway account balance could approach zero in FY2028. (The balance of the mass transit account is also projected to approach zero in FY2028.) The Highway Trust Fund cannot incur a negative balance. Absent other action, if the Highway Trust Fund were to be depleted, the U.S. Department of Transportation (DOT) could slow reimbursements to state and local governments for the federal share of highway projects and reduce apportionments to states.

# Issues for Congress

Congress has many options for addressing the disparity between highway account revenue and expenditures. Below are among the available options, and these options could be implemented separately or in combination. The House Committee on Transportation and Infrastructure discussed some of these options in a hearing on April 29, 2025.[37]

[37] U.S. Congress, House Transportation and Infrastructure Committee, *America Builds: The Need for a Long-Term Solution for the Highway Trust Fund*, hearing, 119th Cong., 1st sess., April 29, 2025, https://transportation.house.gov/calendar/eventsingle.aspx?EventID=408375.

## Transfer Money from the General Fund to the Highway Trust Fund

Congress could continue to transfer money from the Treasury's General Fund to the highway account as it has done since 2008.[38] The legislative and administrative processes for General Fund transfers are well established. For example, Congress directed the Treasury to transfer $51.9 billion to the highway account under the FAST Act and $90 billion under the IIJA.[39]

In transferring money from the General Fund, Congress would effectively fund the highways from the same account from which most other programs and activities derive funding. As a result, the highway program would increasingly directly compete with other congressional priorities. The Highway Trust Fund was initially established in part to ensure that highways had a dedicated source of funding.[40]

Relying on General Fund transfers would be a change from the user-fee, pay-as-you-go principle in highway funding.[41] The fuel taxes impose fees that are roughly proportional to miles driven, although they do not account for miles traveled by EVs.[42]

## Bypass the Highway Trust Fund

Congress could bypass the Highway Trust Fund and instead fund the federal highway and public transportation programs exclusively through the General Fund without transfers. In the IIJA, Congress provided multiyear advance appropriations from the General Fund for highway programs. these multiyear advance appropriations were a small portion of the total amount of funding for highway programs. The multiyear advance supplemental appropriations totaled about $47 billion for FY2022-FY2026, roughly 13% of the $351 billion provided for highway programs.[43] Congress could elect to provide a larger portion of funding via this mechanism, up to the total for the programs.

Bypassing the Highway Trust Fund would eliminate the relationship between transportation excise taxes and transportation funding. It would raise alternative considerations, such as where the revenues currently funding the Highway Trust Fund would go and whether those funds would continue to be designated exclusively for transportation purposes.

## Raise Revenue

Congress could address the disparity between the revenues and expenditures of the Highway Trust Fund by increasing the value of the revenues dedicated for the fund. Congress might do so by addressing the existing taxes or by considering additional funding mechanisms.

[38] Davis, "Highway Trust Fund 101," August 15, 2023.

[39] P.L. 117-58, §80103.

[40] DOT, FHWA, "Financing Federal-Aid Highways," FHWA-PL-99-015, May 31, 2022 (archived), https://www.fhwa.dot.gov/reports/fifahiwy/fifahi05.htm.

[41] GAO, *Federal Trust Funds and Other Dedicated Funds*, GAO-20-156, January 2020, p. 45, https://www.gao.gov/assets/gao-20-156.pdf.

[42] DOT, FHWA, "Mileage-Based Road User Charges," *Public Roads*, vol. 60, no. 5 (March 2006), https://highways.dot.gov/public-roads/marchapril-2006/mileage-based-road-user-charges.

[43] P.L. 117-58, Division J, Title VIII.

## Increase Existing Taxes

Congress could raise revenue for the highway account by increasing existing transportation excise taxes. An increase in the existing fuel tax rates could provide relief to the highway account. Congress has raised fuel taxes four times since 1956. According to a 2023 CBO report, if Congress had increased the gasoline and diesel taxes by 15 cents per gallon, this change could raise about $250 billion more in revenue from 2024 to 2033. This would be an 82% increase to the gasoline tax and 62% increase to the diesel tax. CBO projected that an increase of that amount could eliminate the fund's projected shortfall in that period.[44]

A one-time tax increase may not be enough to provide long-term funding stability to the highway account. Because the fuel taxes are not tied to inflation, the purchasing power of the taxes over time would likely decline again. Congress could address this by tying the fuel taxes to some measure of inflation or a specified cost index.

Proposals since 1993 to increase existing fuel taxes have been unsuccessful. For example, in the early 2000s, "congressional efforts to develop a 6-year program that included a 2-cent indexed increase to the gas tax following the expiration of [the Transportation Equity Act for the 21st Century] garnered little support."[45] Some Members of Congress proposed increasing the gasoline tax while negotiating the IIJA, but the enacted legislation did not include any such provision.[46]

## Alternatives to the Fuel Taxes

Should vehicles become more fuel efficient and should hybrid and electric cars make up a greater share of the vehicle fleet, then gasoline and diesel purchases are likely to decline, undercutting revenue. In this case, the tax burden of highway funding would increasingly fall on a diminishing percentage of drivers using internal combustion engine vehicles. To address the issue, Congress could consider raising revenues via a new tax on EVs and hybrids. Congress could also replace the fuel taxes with an alternative tax or taxes on all vehicles, regardless of fuel type.

### *Vehicle Miles Traveled Tax*

A VMT tax is a user charge concept in which drivers pay a certain amount for every mile driven. A VMT tax could replace the fuel taxes entirely or partially for all vehicles or could be applied to certain vehicle types, such as EVs, which do not pay fuel taxes.

Congress could use a VMT tax to achieve multiple policy goals in addition to replenishing the highway account, should it wish to do so. Congress, could, for example, impose a higher tax on certain classes of vehicles or vehicles that use certain fuels. For example, heavier vehicles that cause more wear and tear on roads could pay a higher tax rate per mile in relation to their increased maintenance costs.

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[44] Testimony of Chad Shirley, principal analyst for the Microeconomic Studies Division, CBO, in U.S. Congress, House Subcommittee on Highways and Transit Committee on Transportation and Infrastructure, *The Status of the Highway Trust Fund: 2023 Update*, hearing, 118th Cong., 1st sess., available at https://www.cbo.gov/system/files/2023-10/59634.pdf (pp. 2, 7-8).

[45] National Academies of Sciences, Engineering, and Medicine, *Federal Funding Uncertainty in State, Local, and Regional Departments of Transportation: Impacts, Responses, and Adaptations*, NCHRP Research Report 1004, 2022, p. 20, https://nap.nationalacademies.org/catalog/26591/federal-funding-uncertainty-in-state-local-and-regional-departments-of-transportation-impacts-responses-and-adaptations.

[46] "Pros and Cons of Raising the Gas Tax," *Congressional Digest*, September 1, 2021, https://congressionaldigest.com/pros-and-cons-of-raising-the-gas-tax/.

In both the FAST Act[47] and the IIJA,[48] Congress required DOT to provide grants to states to explore the feasibility of VMT taxes. At least 14 states have conducted VMT pilot programs.[49] In January 2022, GAO recommended that FHWA develop and apply criteria to assess the scalability of state VMT pilots. According to GAO, in April 2024, FHWA had developed a framework for assessing scalability and begun evaluating the VMT pilots that receive federal funding.[50] In the IIJA, Congress required that DOT conduct a nationwide pilot of a VMT tax.[51] In December 2024, DOT named members of the associated advisory board.[52] CRS does not have information about the current status of the advisory board.

Challenges of implementing a nationwide VMT tax include compliance enforcement and administrative costs. To administer the gasoline tax, the federal government collects revenue from roughly 850 registered suppliers, distributers, refiners, and blenders of fuel. Administrative costs of the gasoline tax are generally estimated to be less than one cent per dollar of revenue. For a VMT tax, the federal government would likely need to collect revenue directly from private vehicle owners. Experiences in the United States and other countries suggests that the administrative and enforcement costs of collecting a VMT tax could be in the range of 5%-13% of collections.[53]

Depending on how a VMT tax is implemented, it could raise concerns regarding privacy. A VMT tax might require private companies or the federal government to collect data on how many miles a vehicle has been driven or vehicle location data. Automakers currently collect a range of data from many vehicles.[54]

A VMT tax could also raise issues related to fairness. On the one hand, a VMT tax could impose an equal per-mile tax on all drivers, including individuals driving EVs, who currently do not pay a fuel tax. One the other hand, in states that have conducted VMT tax pilots, officials report that

[47] In the FAST Act (P.L. 114-94, §6020), Congress established the Surface Transportation System Funding Alternatives (STSFA) program; for more information about the STSFA program, see DOT, FHWA, *Fact Sheet: Surface Transportation System Funding Alternatives Program*, February 2016, https://www.fhwa.dot.gov/fastact/factsheets/surftransfundaltfs.cfm. In May 2024, FHWA published a report on key findings from the STSFA projects: Sonika Sethi et al., *Surface Transportation System Funding Alternatives Phase I and II Independent Evaluation: Crosscutting Report*, DOT, FHWA, FHWA-HOP-21-048, May 2024, https://ops.fhwa.dot.gov/publications/fhwahop21048/fhwahop21048.pdf.

[48] In the IIJA (P.L. 117-58, §13001), Congress amended the STSFA program and renamed it the Strategic Innovation for Revenue Collection (SIRC) Program. For more information about the SIRC program, see DOT, FHWA, "Fact Sheet: Strategic Innovation for Revenue Collection (SIRC)," https://www.fhwa.dot.gov/infrastructure-investment-and-jobs-act/sirc_fact_sheet.cfm.

[49] National Conference of State Legislatures, "State Road Usage Charge Series," April 12, 2022, https://www.ncsl.org/transportation/state-road-usage-charge-toolkit.

[50] See "Recommendations for Executive Action," which includes a status update from April 2024. GAO, Highway Trust Fund: Federal Highway Administration Should Develop and Apply Criteria to Assess How Pilot Projects Could Inform Expanded Use of Mileage Fee Systems, GAO-22-104299, January 2022, p. 30, https://www.gao.gov/products/gao-22-104299.

[51] P.L. 117-58, §13002.

[52] General Services Administration, *Federal System Funding Alternatives Advisory Board*, December 31, 2024, https://www.facadatabase.gov/FACA/s/meeting-members-advisory-reports?recordId=a103d000001c7svAAA.

[53] Most fuel taxes are paid by a registered "position holder" who holds taxable inventory of motor fuels at a refinery or tank farm. The position holder pays the tax when the fuel is removed from the terminal. This is often referred to as collecting at the "rack." Registered entities include refiners, pipeline operators, terminal operators, and others. See CRS Report R44540, *Mileage-Based Road User Charges*, by William J. Mallett.

[54] Derek Kravitz, "Your Car May Be Spying on You. Here's How to Get It to Stop," *Consumer Reports*, March 4, 2025, https://www.consumerreports.org/electronics/personal-information/how-to-stop-your-car-from-collecting-sharing-driving-data-a1233378612/; and Kashmir Hill, "Automakers Are Sharing Consumers' Driving Behavior With Insurance Companies," *New York Times*, March 11, 2024.

some drivers expressed concerns about whether rural drivers might pay more in VMT taxes than they currently do in fuel taxes.[55]

### *Annual Tax on Vehicles*

Congress could impose an annual tax on vehicles, for example, at the time of a vehicle's annual registration. According to CBO, an annual tax of $100 would be comparable to the average amount drivers of light-duty vehicles paid in federal fuel taxes in 2022.[56] On April 29, 2025, Representative Sam Graves, chairman of the House Committee on Transportation and Infrastructure, proposed a tiered registration fee: $200 for EVs, $100 for hybrid vehicles, and $20 for other vehicles, such as internal combustion engine vehicles. These fees would increase on an annual basis to account for inflation.[57] On April 30, the House Committee on Transportation and Infrastructure amended the proposed registration fees: $250 for EVs, $100 for hybrids, and no fee for other vehicles.[58]

As with a VMT tax, Congress could use an annual tax to replace the fuel taxes for all vehicles; impose an annual fee on certain types of vehicles, such as EVs or hybrids; or some combination of those options. Congress could also adjust the annual tax to potentially achieve other policy goals, such as by imposing a higher tax on heavy vehicles that cause greater wear and tear on roads. Unlike a VMT tax, an annual registration tax would not scale with the number of miles driven.

Precedent exists for an annual tax on vehicles. At least 39 states have imposed a special registration fee for EVs to recoup lost state fuel tax revenue.[59] At the federal level, Congress levied a tax on motor vehicles from February 1942 to June 1946.[60]

An annual registration tax could be more challenging to put into practice on a national scale than at the state level. Unlike state governments, the federal government does not have an existing vehicle registry.[61] Under Representative Sam Graves's April 2025 proposal, states would be required to incorporate collection of a fee into the vehicle registration and renewal process and remit revenue to FHWA on a monthly basis. States would be allowed to keep 1% of revenue raised to cover administrative costs. If a state failed to comply, FHWA would be required to withhold a portion of the state's formula funds in the following fiscal year.[62]

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[55] GAO, *Highway Trust Fund: Federal Highway Administration Should Develop and Apply Criteria to Assess How Pilot Projects Could Inform Expanded Use of Mileage Fee Systems*, GAO-22-104299, January 2022, pp. 16-20, https://www.gao.gov/assets/d22104299.pdf.

[56] Testimony of Chad Shirley, principal analyst for the Microeconomic Studies Division, CBO, in U.S. Congress, House Subcommittee on Highways and Transit Committee on Transportation and Infrastructure, *The Status of the Highway Trust Fund: 2023 Update*, hearing, 118th Cong., 1st sess., https://www.cbo.gov/system/files/2023-10/59634.pdf (p. 9).

[57] House Transportation and Infrastructure Committee, "Graves Releases T&I Committee Budget Reconciliation Proposal," press release, April 29, 2025, https://transportation.house.gov/news/documentsingle.aspx?DocumentID=408418.

[58] U.S. Congress, House Transportation and Infrastructure Committee, *Full Committee Markup*, 119th Cong., 1st sess., April 30, 2025, https://transportation.house.gov/calendar/eventsingle.aspx?EventID=408385.

[59] Doug Shinkle and Matt Wicks, "Special Registration Fees for Electric and Hybrid Vehicles," NCSL, November 27, 2024, https://www.ncsl.org/transportation/special-registration-fees-for-electric-and-hybrid-vehicles.

[60] Jeff Davis, "The Federal Tax on Driving an Automobile: 1942-1946," Eno Center for Transportation, December 9, 2022, https://enotrans.org/article/the-federal-tax-on-driving-an-automobile-1942-1946/.

[61] Davis, "The Federal Tax on Driving an Automobile," December 9, 2022.

[62] U.S. Congress, House Transportation and Infrastructure Committee, *Amendment in the Nature of the Substitute to*

(continued...)

### *Toll Federal-Aid Highways*

In general, federal law bans tolling on roads that receive federal funds. Congress has created some exceptions to this ban.[63] Exceptions include use of federal funds to construct new toll highways, reconstruct or restore existing toll highways, convert a toll-free non-Interstate Highway to a toll highway as part of reconstruction or replacement, and convert some lanes of Interstate Highway System to high occupancy vehicle (HOV) lanes.[64] Congress also created the Congestion Relief Program[65] and the Value Pricing Pilot Program,[66] both of which allow for tolling, HOV lanes, or congestion pricing on Interstate and other federal-aid highways.

Congress could eliminate the ban on tolling federal-aid highways or expand exceptions to the ban. Congress could also encourage states and local governments to impose tolls for use of federal-aid highways or a portion of federal-aid highways. Revenue from tolling projects generally does not accrue to the federal government, so an expansion of existing tolling on its own would not replenish the highway account.[67] Congress could consider changing the allocation of tolling revenue or shifting more responsibility for funding highways to state and local governments (see "Reduce Expenditures").

While some publicly owned toll roads have been financially successful, others have struggled. To be financially successful, a toll road must have sufficient traffic willing to pay a high-enough toll to cover construction, maintenance, and toll collection costs. Many federal-aid highways are rural or have low traffic volumes. They would be unlikely to generate sufficient toll revenue to make the facilities self-sustaining. Tolling may be more financially viable as a mechanism to raise revenue on higher-traffic roads.[68]

## Reduce Expenditures

Congress could address the disparity between the revenues and expenditures of the Highway Trust Fund by reducing expenditures. For example, Congress could eliminate some of the existing programs, reduce funding for certain programs, or reduce funding for all programs.

Pursuing the options discussed below might lead to an overall reduction in investment in highway infrastructure if states and localities were unable or unwilling to provide additional funds. In 2021, the federal government collected roughly 39% of all receipts for highways as opposed to 41% by state governments and 20% by local governments.[69]

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*Committee Print Offered by Mr. Graves of Missouri*, committee print, 119th Cong., 1st sess., April 29, 2025, https://transportation.house.gov/uploadedfiles/ans_to_ti_committee_print_reconciliation.pdf.

[63] "Except as provided in section 129 of this title with respect to certain toll bridges and toll tunnels, all highways constructed under the provisions of this title shall be free from tolls of all kinds." 23 U.S.C. §301.

[64] For a complete list, see 23 U.S.C. §129(a)(1).

[65] 23 U.S.C. §129(d); for more information about the Congestion Pricing Program, see DOT, FHWA, *Fact Sheets: Congestion Relief Program*, February 6, 2023, https://www.fhwa.dot.gov/bipartisan-infrastructure-law/congestion_relief.cfm.

[66] 23 U.S.C. §149, statutory notes; for more information about the Value Pricing Pilot Program, see DOT, FHWA, Center for Innovative Finance Support, "Federal Tolling Programs: Value Pricing Pilot Program," https://www.fhwa.dot.gov/ipd/tolling_and_pricing/tolling_pricing/vppp.aspx.

[67] 23 U.S.C. §129(a)(3).

[68] CRS Report R44910, *Tolling U.S. Highways and Bridges*, by Robert S. Kirk.

[69] CRS calculation based on data from DOT, FHWA, Office of Highway Policy Information, *Highway Statistics 2022: Total Receipts for Highways, by Governmental Unit 2000-2021*, Table REC-C, February 23, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/recc.cfm.

## Reduce the Federal Share for Highway Projects

Congress could link a reduction in spending to a shift in the distribution of responsibility between the federal government and states for funding highways and transit projects. Today, most projects on the Interstate Highway System receive a maximum of 90% of funding from the federal government; for projects on other eligible roads, the maximum federal share is 80%.[70] Prior to the 1950s, the federal share for most highway projects was 50%.[71]

Reducing the federal share would lower the expenditures from the fund and require greater matching funding from state and local governments. As discussed above, reducing the federal share might lead to an overall reduction in investment in highway infrastructure if states and localities were unable or unwilling to provide additional funds.

## Eliminate or Reduce Funding for Existing Federal Highway Programs

The IIJA created four new highway apportionment programs and several new competitive discretionary grant programs.[72] Congress could reduce expenditures by eliminating or reducing funding for some of the existing highway programs. Eliminating programs does not necessarily reduce spending. For example, the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141) reduced the number of federal highway programs by roughly two-thirds. Most of this reduction was accomplished by absorbing formerly separate activities and eligibilities, such as a program for repair and replacement of highway bridges, into other programs. Congress authorized approximately the same level of highway funding in FY2013, the first year of funding provided by MAP-21, as in FY2008, the last comparable year of funding under the previous surface transportation authorization legislation, the Safe, Accountable, Flexible, Efficient Transportation Equity Act (P.L. 109-59).[73]

## Devote Highway Trust Fund Revenue Exclusively to Highways

The mass transit account typically receives between 12% and 14% of the Highway Trust Fund's annual revenue.[74] Congress could eliminate the mass transit account and dedicate its portion of the revenue to the highway account, thereby increasing funding for highways. However, if all Highway Trust Fund revenue were dedicated to highways, this would likely delay the shortfall by one year if at all. By FY2029, CBO projects that total revenue for the Highway Trust Fund, including the highway account and the mass transit account, may be about $43 billion, whereas spending on highways could be about $64 billion.[75]

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[70] 23 U.S.C. §120(a) and (b).

[71] Richard F. Weingroff, *Creation of a Landmark: The Federal Aid Road Act of 1916*, DOT, FHWA, accessed March 19, 2025, p. 46, https://highways.dot.gov/sites/fhwa.dot.gov/files/landmark.pdf.

[72] See "Core Formula Programs" and "New Competitive Discretionary Grant Programs" in CRS Report R47022, *Federal Highway Programs: In Brief*, by Robert S. Kirk.

[73] The last year of funding under the Safe, Accountable, Flexible, Efficient Transportation Equity Act was FY2009. Congress rescinded $8.708 billion and restored the rescinded amount in FY2010. Congress funded the highway program through continuing resolutions from FY2010 through FY2012. For more information about the MAP-21 extensions, see DOT, FHWA, *MAP-21: Legislation*, December 14, 2015, https://www.fhwa.dot.gov/map21/legislation.cfm.

[74] Calculated using data from DOT, FHWA, Office of Highway Policy Information, "Highway Statistics Series: Highway Statistics 2022," Chart VMT-421C, February 12, 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2022/vmt421c.cfm.

[75] CBO, *Baseline Projections: Highway Trust Fund Accounts*, June 2024, https://www.cbo.gov/system/files/2024-06/51300-2024-06-highwaytrustfund.pdf.

## Devolve the Federal-Aid Highway Program to the States

"Devolution" refers, in this context, to shifting most current federal responsibility for building and maintaining highways from the federal government to the states. Devolution legislation has been introduced in each Congress since the mid-1990s.[76] Surface transportation devolution proposals generally have certain characteristics in common: they would reduce or eliminate existing federal programs, reduce the federal taxes on motor fuels, and leave the states to provide replacement funding for highway purposes if they wish to do so. Most devolution proposals would retain existing federal programs to maintain roads on federal lands, fund transportation research, and provide relief to rebuild roads and bridges damaged in natural disasters.[77]

Most surface transportation devolution proposals would reduce or phase out most of the federal motor fuels taxes. State governments could use this period to adjust their own taxes accordingly, such as by increasing their own taxes on gasoline and highway diesel fuel by the same amount as the reduction in the federal taxes. Replacing federal motor fuels taxes with state fuels taxes on a cent-for-cent basis may not provide sufficient revenue to fund the current level of spending on highways. One reason is that a large share of federal spending on surface transportation now comes from the Treasury's General Fund, not from taxes dedicated to the Highway Trust Fund. In addition, states that receive larger amounts of federal highway funding relative to the amount the motorists of their state pay in federal fuel taxes would have to increase their state fuel taxes to above the federal rate to maintain current spending. Among these are states with small populations, including several geographically large, sparsely populated western states.[78]

Devolving the current federal highway program to the states would involve upfront costs for the federal government. Under the current programs, surface transportation funding is usually authorized in multiyear authorization bills. Each year of funding is available for obligation for the current year and the three subsequent years. As projects often take several years to complete, FHWA, in any given year, is making payments to the states based on commitments made several years earlier. Thus, the federal government would need to retain motor fuel taxes or some other revenue source to assure repayment of outstanding obligations. This taxation would likely continue alongside whatever new taxes states impose until outstanding obligations are met.

Congress has attached numerous requirements to the use of federal surface transportation funds. Advocates of devolution have argued that these federal requirements, especially when taken as a whole, negatively impact the cost efficiency of the federal-aid programs.[79] In a devolution context, certain requirements attached to federal surface transportation funds may not apply, such as National Environmental Policy Act requirements, Buy America requirements, and federal construction and prevailing wage standards. State requirements might apply or be imposed and other federal requirements that apply more broadly, such as Americans with Disabilities Act requirements and Endangered Species Act requirements, may remain in effect.

[76] For examples of surface transportation devolution proposals, see H.Amdt. 551 to H.R. 2400 (105th Congress) and S.Amdt. 1756 to S. 1813 (112th Congress).

[77] CRS Report R44811, *Surface Transportation Devolution*, by Robert S. Kirk.

[78] DOT, FHWA, Office of Highway Policy Information, *Highway Statistics 2023: Comparison of Federal Highway Trust Fund Highway Account Receipts*, Table FE-221, November 2024, https://www.fhwa.dot.gov/policyinformation/statistics/2023/fe221.cfm.

[79] Ronald D. Utt, *Turn Back Transportation to the States*, Heritage Foundation, Backgrounder no. 2651, February 6, 2012, pp. 1-4, http://www.heritage.org/transportation/report/turn-back-transportation-the-states.

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