



Highway Trust Fund: Still Under Construction

Background

The Highway Trust Fund (HTF) was established in 1956 to support federal investments to improve the nation's surface transportation network. Its primary source of revenue is the federal motor fuels excise, which was last increased in 1993. Instead of adjusting this revenue stream, Congress liquidated a HTF surplus to support increased spending authorized by a 2005 reauthorization of the federal surface transportation program.

As a result, existing HTF revenue levels are now unable to support current levels of highway and public transportation investment. The HTF suffered six separate revenue shortfalls from 2008 to 2015, which created substantial uncertainty about future funds and led multiple states to delay planned transportation improvement projects.

FAST Act

The December 4, 2015, enactment of the "Fixing America's Surface Transportation Act," or FAST Act, temporarily stabilizes federal highway and public transportation investment. The law transfers \$70 billion from the federal General Fund to supplement an estimated \$208 billion in HTF revenue from existing sources over the five-year life of the law. As a result of failing to address the fund's permanent structural deficit, disruptive uncertainty for states will return once the FAST Act expires absent remedial action by Congress.

The HTF's cash flow crisis will be exacerbated over the next two years. Prior to the enactment of FAST Act, existing trust fund revenues were short of being able to maintain current highway and public transportation investment levels by an average of \$14.6 billion per year. Once FY 2021 begins on October 1, 2020, the gap between incoming HTF revenues and the amount needed to preserve surface transportation funding levels will average nearly \$18 billion annually.

Requested Action

The magnitude of the looming HTF crisis and the impact of the resulting uncertainty on state transportation improvement plans reinforce the need for proactive congressional action. Any HTF fix should entail a permanent, dedicated, user-based HTF revenue stream to support the increased transportation investments advocated by President Trump and members of Congress from both parties. We urge all members of Congress to:

- Include a permanent HTF solution as part of any infrastructure package this year.
- If an infrastructure package does not materialize, work as soon as possible to get a HTF revenue solution before the FAST Act expires Sept. 30, 2020.