

Limit Highway Trust Fund (HTF) Spending to Revenues

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$17,000	\$15,000	\$15,000	\$17,000	\$16,000	\$18,000	\$19,000	\$19,000	\$21,000	\$21,637	\$80,000	\$178,637

Heritage Recommendation:

Limit Highway Trust Fund (HTF) spending to the level of revenue collected. This proposal saves approximately \$17 billion in 2016, and \$179 billion over 10 years.⁵⁵

Rationale:

Federal gasoline and diesel taxes are passed on to motorists, bus operators, and truckers at the pump, and then deposited into the federal HTF along with related fees. Past federal highway authorization bills increased HTF spending levels, permitting Congress to spend down the fund's accumulated balance. Beginning in 2008, Congress was spending more out of the HTF than was brought in as revenue. Since 2008, Congress has repeatedly bailed out the HTF by transferring amounts from the Treasury's General Fund, for a total bailout of about \$62 billion. A six-year reauthorization bill would need to fill a \$90 billion gap between spending and revenue (\$15 billion a year).

Going forward, inflation, fuel economy standards, vehicle efficiency, and steady levels of vehicle miles traveled will mean lower or stagnant levels of revenue deposited into the HTF. But until recently, inflation and over-spending have been the main drivers of decreased revenue and purchasing power. Congress diverts at least 25 percent of HTF dollars to non-road, non-bridge projects, including bicycle and nature paths, sidewalks, subways and buses, landscaping, and related low-priority and purely local activities.

Congress should limit HTF spending to revenues collected and refocus the federal highway program to encompass only Interstate Highway System maintenance and expansion, and a few other federal priorities, letting the states or private sector take over the other activities if they value them. Doing so would free up valuable HTF money for road and bridge projects that will benefit those motorists paying for the program in the first place.

Additional Reading:

- The Heritage Foundation, "Which Way for the Highway Trust Fund?" *Factsheet* No. 148, July 21, 2014, <http://www.Heritage.org/research/reports/2014/07/which-way-for-the-highway-trust-fund>.
- Ronald D. Utt, "'Turn Back' Transportation to the States," Heritage Foundation *Backgrounder* No. 2651, February 7, 2012, <http://www.Heritage.org/research/reports/2012/02/turn-back-transportation-to-the-states>.

Calculations:

Savings based on revenue shortfalls reported for the highway trust funds in Congressional Budget Office, "Projections of Highway Trust Fund Accounts under CBO's August 2014 Baseline," <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43884-2014-08-HighwayTrustFund.pdf>. The report contains shortfalls through 2024. We assumed the same rate of change in shortfalls (3 percent) for 2025 as projected for the 2017-2024 period.