Federal Funding for Roads, Bridges, Transit
National Highway System
Funding Sources

- Federal funds
  - Federal Highway Administration
  - Federal Transit Administration

- State—Highway Tax Distribution Fund

- County and city—mill levies and other (?)
Federal Highway Trust Fund Revenues

- Motor Fuel Taxes
- Tire Tax
- Truck Sales Tax
- Heavy Vehicle Use Tax
Federal Highway Trust Fund Outflows

- Two accounts for designated programs
  - Highways
  - Mass Transit

- 90% of 2007 outlays to Federal-Aid Highway Program
Federal Fuel Taxes

- Gasoline: 18.4¢ per gallon (constant since 1993)
  - 15.44¢ to Highway Trust Fund
  - 2.86¢ to Mass Transit Account

- Diesel: 24.4¢ per gallon (constant since 1993)
  - 21.44¢ to Highway Trust Fund
  - 2.86¢ to Mass Transit Account
State Fuel Tax

- 23¢/gal on gas and gasohol
  - Increased 2¢ in 1997 and again in 2005

- Revenue goes to State Highway Tax Distribution Fund
Federal Highway Trust Fund Shortfall

- Trust Fund spending has been outpacing revenues
- $1.1 billion shortfall predicted for 2009
- Could result in $100 million cut to ND and tighter restrictions on use of funds
Federal Highway Account

The Highway Account, 1983 to 2010

(Billions of dollars)

Source: Congressional Budget Office.
Note: Receipts are adjusted to remove the effects of a legislated shift in payment dates that reduced receipts by $5 billion in 1998 and increased them by the same amount in 1999.
Projected Balances—Highway and Transit Accounts

Assuming no change in revenues or program levels

Source: U.S. Department of the Treasury
Cash Balances—Highway Account

Highway Account of the Highway Trust Fund
Cash Balance

Fiscal Year

$ in Billions

2004: 10.8
2005: 10.6
2006: 10.7
2007 Mid-session: 7.4
2008: 3.6
2009: 0.6
2010: 5.1
2011: -9.5
Cash Balances—Mass Transit Account

Mass Transit Account of the Highway Trust Fund
Cash Balance

Fiscal Year

$ in billions


3.8  2.0  5.9  7.7  7.8  6.6  4.2  1.4
Policy and Revenue Commission

Recommendations:

- Increased spending on infrastructure
  - $225 billion needed annually for the next 50 years
  - Current spending is less than 40% of this amount.

- More investments at federal, state, and local levels, as well as by private sector

- Annual increase in federal fuel tax from 5¢ to 8¢ cents per gallon over the next 5 years
State Transportation Expenditures

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- Authorizes expenditures from federal Highway Trust Fund for period 2005-2009
- Expires in 2009
- $286.4 billion legislation
  - $240 billion for highways
  - $52.6 billion for transit
Challenges

- Preserving and maintaining our aging system
- Rising traffic volumes (more vehicles, traveling more miles)
- Increasing demand for transit in rural and urban areas
- Skyrocketing materials costs
- Increasing amount of truck traffic (international trade)
- Declining purchasing power of the gas tax