ASSOCIATION OF AMERICAN RAILROADS

THE HIGHWAY TRUST FUND

- Freight rail self-funds its network, while roads rely on underfunded taxpayer support.
- Congress should update funding via a gas tax hike or vehicle miles traveled (VMT) fee.
- A VMT ensures fairness, making trucks pay their share like railroads do.

Freight railroads—not taxpayers—pay for the maintenance and improvement of the nation's nearly 140,000-mile rail network. They invest well above $23 billion a year over the past five years into their infrastructure and equipment. This benefits shippers, consumers and the passenger rail systems that operate on freight rail tracks.

The HTF is the financial mechanism for building, maintaining, and repairing roads and bridges.

Since the 1950s, drivers of motor vehicles and trucks have paid federal and state taxes on the purchase of each gallon of gasoline or diesel fuel to support the HTF. When Congress first enacted the gas tax, it was an effective proxy for determining the amount of damage that roadway user did to the highway infrastructure.

Although this user-pays system worked for more than half of a century, gas taxes have failed to keep up with highway maintenance costs, changing fuel prices, more fuel-efficient vehicles, and the introduction of electric vehicles that presently do not pay into the HTF. The current tax of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel was last increased in 1993 and loses purchasing power each year. The lack of adequate revenue raised for the HTF is also partly the result of heavy trucks, especially those weighing 80,000 pounds or more.

Large trucks don't pay for the damage they cause.

Today, these large trucks don't come close to paying for the damage they cause to our public highway system. The HTF's continued shortfalls have forced policymakers to transfer a total of $275 billion of general taxpayer funds to repair roads and bridges since 2008. This includes requiring a transfer of $118 billion in the 2021 Infrastructure Investment and Jobs Act (IIJA). This will only cover the HTF shortfall through 2026. To address the near-term solvency of the HTF, Congress should increase the gas tax. However, Congress must find a reliable, long-term funding solution to maintain and improve our nation's roads and bridges and restore a user-pays system.

Fair Public Infrastructure Funding

A weight or axle-based Vehicle Miles Traveled (VMT) tax can make public road and bridge infrastructure funding more fair. It ensures passenger and commercial vehicles proportionally pay for their usage.

Incorporating a Sustainable Funding Model

Researchers at the Brookings Institute, the University of Arizona, and the University of Houston have shown that financing highway expenditures by charging drivers and truckers for the distance they drive in the form of a VMT is a more sustainable funding model than gas taxes. Additionally, the Government Accountability Office noted that "mileage-based user fee initiatives in the U.S. and abroad show that such fees can lead to more equitable and efficient use of roadways by charging drivers based on their actual road use and by providing pricing incentives to reduce road use."

Restoring Modal Equity

Implementation of a VMT would rebalance the ongoing modal inequity occurring in the freight transportation market stemming from the trucking industry's underpayment into the HTF. Freight railroads are currently at a competitive disadvantage because they fully fund their infrastructure. In contrast, large trucks underpay their federal cost responsibility by around 27 cents per gallon of fuel. Therefore, they can offer artificially deflated costs. Requiring trucks to pay their fair share will rebalance the playing field between trucks and trains.

Infrastructure Investment & Jobs Act Impact

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A Highway Cost Allocation Study

This study, undertaken in coordination with State departments of transportation, will determine the direct costs of highway use by various types of users. This includes vehicles of different dimensions, weights, and number of axles. It will also:

1. Review a broad range of costs, such as those related to safety, emissions, congestion, and noise. This will determine the proportionate share of the costs attributable to each class of highway user.

2. Compare those costs with the user fee revenue contributed to the HTF by those users. Upon completion of this study, DOT will develop recommendations for a set of revenue options. These will fully cover the costs occasioned by highway users.

A National Motor VMT User Fee Pilot

Congress provided a total of $50 million over five years to undertake a voluntary pilot program. This will test the design, acceptance, implementation, and financial sustainability of a national VMT. It will also address the need for additional revenue for surface transportation infrastructure and provide recommendations. This program will test various methods to track vehicle miles traveled and include both passenger and commercial motor vehicles. As part of this effort, DOT will establish and test varying VMT fees each year. This will be for passenger motor vehicles, light trucks, and medium- and heavy-duty trucks to reflect estimated impacts on infrastructure, safety, congestion and the environment.

Strategic Innovation for Revenue Collection

This grant program will provide a total of $75 million over five years for pilot projects at the State, local, and regional level. These will test the design, acceptance, equity, and implementation of a road usage fee and other user-based alternative revenue mechanisms to maintain the long-term solvency of the HTF. The program should further ongoing research conducted by the FHA under the Surface Transportation System Funding Alternatives program. This was authorized in the FAST Act and provided a total of $73.7 million to 37 projects across the nation. It will test the design, implementation, and acceptance of user-based systems, such as a mileage-based fee.