

Freight Stakeholders Reauthorization Agenda Item

Protect the Integrity of the Highway Trust Fund

Proposal

Preserve the federal Highway Trust Fund, maintain the dedication of its source of income, and retain the budgetary firewalls for highways and transit.

Background

Since 1956, the federal Highway Trust Fund has served as a repository of user-collected revenue; users self-finance the system they use through a largely transparent system of fuel and other taxes. By the use of the hundreds of billions of dollars collected into the Highway Trust Fund, the federal and state governments have created and preserved the finest system of highways in the world. Without the dedicated revenue source and the sound financial operation of the Highway Trust Fund, this highway system could not have been built. Without the Highway Trust Fund's continued, secure operation, this highway system will not be preserved.

During the 1990's, various budgetary pressures created a serious challenge to the Highway Trust Fund, as the federal government began to treat some dedicated highway user fee revenue as general government revenue, no different from individual income taxes. This diversion of funds resulted in severe under-investment in highway infrastructure. In TEA 21 legislation in 1998, Congress established budgetary firewalls that restrict the use of highway user revenue to authorized transportation purposes; no longer could these revenues be used for other purposes.

Specifics

Preserve the federal Highway Trust Fund as a repository of dedicated user fees. Ensure that all revenue collected is deposited into the Fund.

Ensure that Highway Trust Fund revenue can be expended only for authorized transportation purposes.

Guarantee that the budgetary firewalls are retained at an appropriate level for future highway and transit needs, as per the forthcoming USDOT Conditions and Performance report.

Funding

Funding from the Highway Trust Fund should reflect the maximum levels of investment that can be supported by federal highway user fees. The balance in the Highway Trust Fund should be spent down to the minimum level required by law.

Benefits

Capital investments in transportation infrastructure to enhance freight mobility will improve market efficiency and productivity, and contribute to a strong national economy. Additionally, such investments will have an ameliorative effect on congestion levels throughout the country. Finally, investments in transportation will improve the safety of our highway and transit systems.
