

Policy Resolution PR-1-19
Title: Highway Trust Fund Revenue Shortfall Solution Alternatives

WHEREAS, the Fixing America's Surface Transportation (FAST) Act enacted in December 2015 continues to fulfill the Constitutional directive that investment in transportation is a core federal responsibility with its authorization of \$305 billion for federal highway, highway safety, transit, and passenger rail programs from 2015 to 2020, and;

WHEREAS, Highway Trust Fund revenues derived from federal motor fuel taxes have been the primary source of revenue to support federal investment in surface transportation investment since 1956, and;

WHEREAS, since 2008, the Highway Trust Fund has been sustained through a series of General Fund transfers now totaling \$140 billion, and;

WHEREAS, according to the Congressional Budget Office, the Highway Account of the Highway Trust Fund will require \$124 billion in additional revenues and the Mass Transit Account will require an additional \$47 billion to remain solvent through fiscal year 2029;

WHEREAS, in order to simply maintain the current Highway Trust Fund spending levels adjusted for inflation after the FAST Act, Congress will need to identify \$89.9 billion in additional revenues for a five-year bill through 2025 and \$114 billion for a six-year bill through 2026, and;

WHEREAS, Highway Trust Fund revenues are declining with increasing vehicle fuel efficiency;

WHEREAS, according to the U.S. Department of Transportation's (USDOT) *2015 Conditions and Performance Report* to Congress, highway and bridge needs backlog reached \$836 billion and transit needs backlog reached \$122 billion;

WHEREAS, a number of solutions to fix the Highway Trust Fund to ensure sustainable, certain, and long-term funding have been developed including recommendations from the National Surface Transportation Infrastructure Finance Commission and the National Surface Transportation Policy and Revenue Commission;

WHEREAS, one example of a solution to fix the Highway Trust Fund in the near-term is a federal motor fuels tax increase that may include indexing;

WHEREAS, a further example of a solution to fix the Highway Trust Fund is taxing a barrel of oil which builds off the model of the motor fuel tax, but would shift collection from individuals to producers of oil;

WHEREAS, another example of a solution to fix the Highway Trust Fund is a freight-based user fee that would capture the impact from the movement of goods across the nation's transportation system;

WHEREAS, an example of a possible long-term solution to fix the Highway Trust Fund could be a mileage-based user fee on vehicle travel that would insulate the Highway Trust Fund from revenue dilution stemming from increased vehicle fuel efficiency and would be a continuation of the existing user-based protocol that ensures users financially contribute to the maintenance and improvement of the transportation system from which they directly benefit;

NOW, THEREFORE BE IT RESOLVED, that a permanent solution for the Highway Trust Fund shortfall must be the foundation of any federal infrastructure initiative and/or the scheduled reauthorization of the FAST Act in 2019 or 2020 in order to prevent significant planning and construction disruptions to highway and transit projects, to provide stable cash reimbursements to states for costs already incurred, and to ensure and enhance the national benefits of the federal surface transportation program including jobs, economic competitiveness, safety, personal mobility, efficient movement of goods, and improved quality of life, and further be it;

RESOLVED, that any potential Highway Trust Fund solution must include these core principles: derived from system use and the need for connectivity, dedicated to highway and public transit transportation improvements, and sufficient to support permanent growth in federal transportation investment, and further be it;

RESOLVED, that it is time for policy makers to advance tangible solutions to the Highway Trust Fund's structural revenue deficit and that the alternatives listed above, while not all inclusive, would provide a foundation to preserve and strengthen the federal role in supporting a national surface transportation network.