

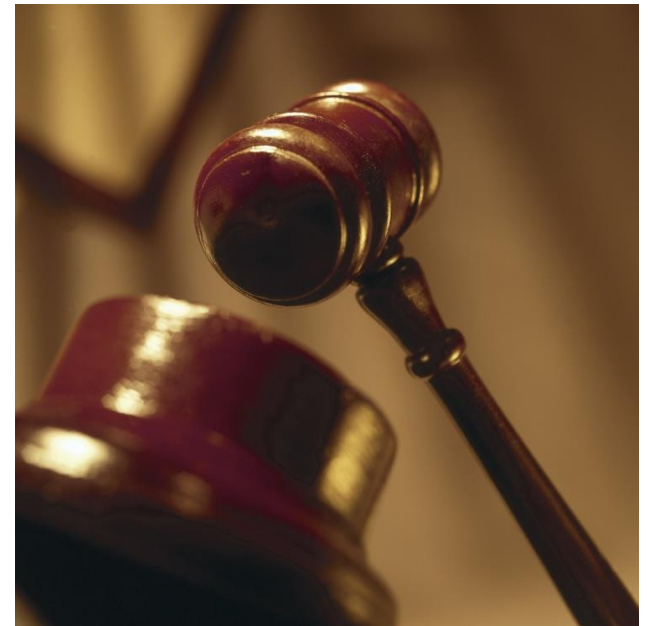


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THE FUTURE OF FEDERAL TRANSPORTATION FUNDING: SAVING THE HIGHWAY TRUST FUND AND MAP-21 REAUTHORIZATION



**Monday, November 3, 2014
National Conference of State Legislatures**



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Transportation Faces A Coming Fiscal Cliff



Image from ridelust.com

- The current federal surface transportation law (MAP-21) **expires** on October 29, 2015
- The Highway Trust Fund will face insolvency in December

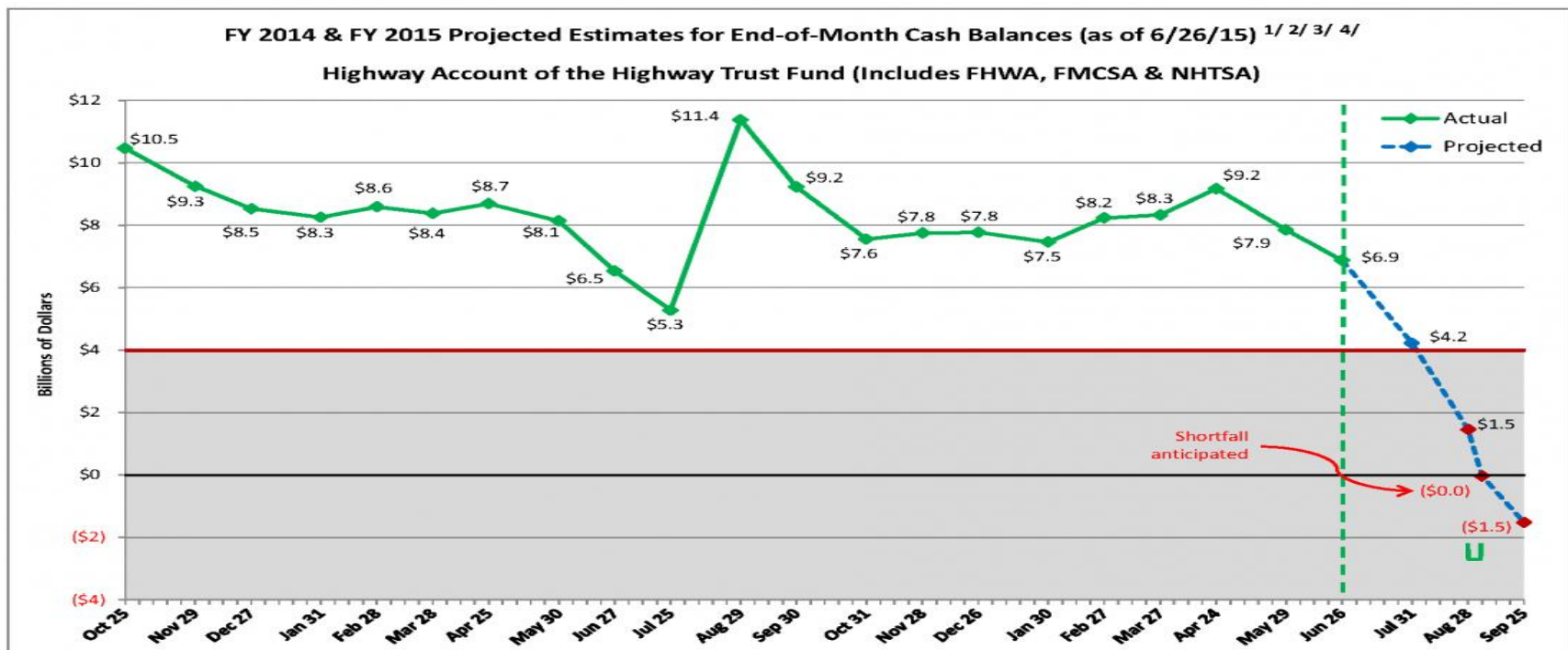


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The Fiscal Cliff



1/ Graph reflects actual data through 6/26/15 and end-of-month projections for the remainder of FY 2015.

2/ Total receipt and outlay projections are based on FY 2016 President's Budget Baseline assumptions. Projected monthly receipt and outlay rates are based on historic averages.

3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.

4/ The shaded area represents when the Highway Account balance drops below \$4 billion, at which point cash management procedures may become necessary.

Source: FHWA

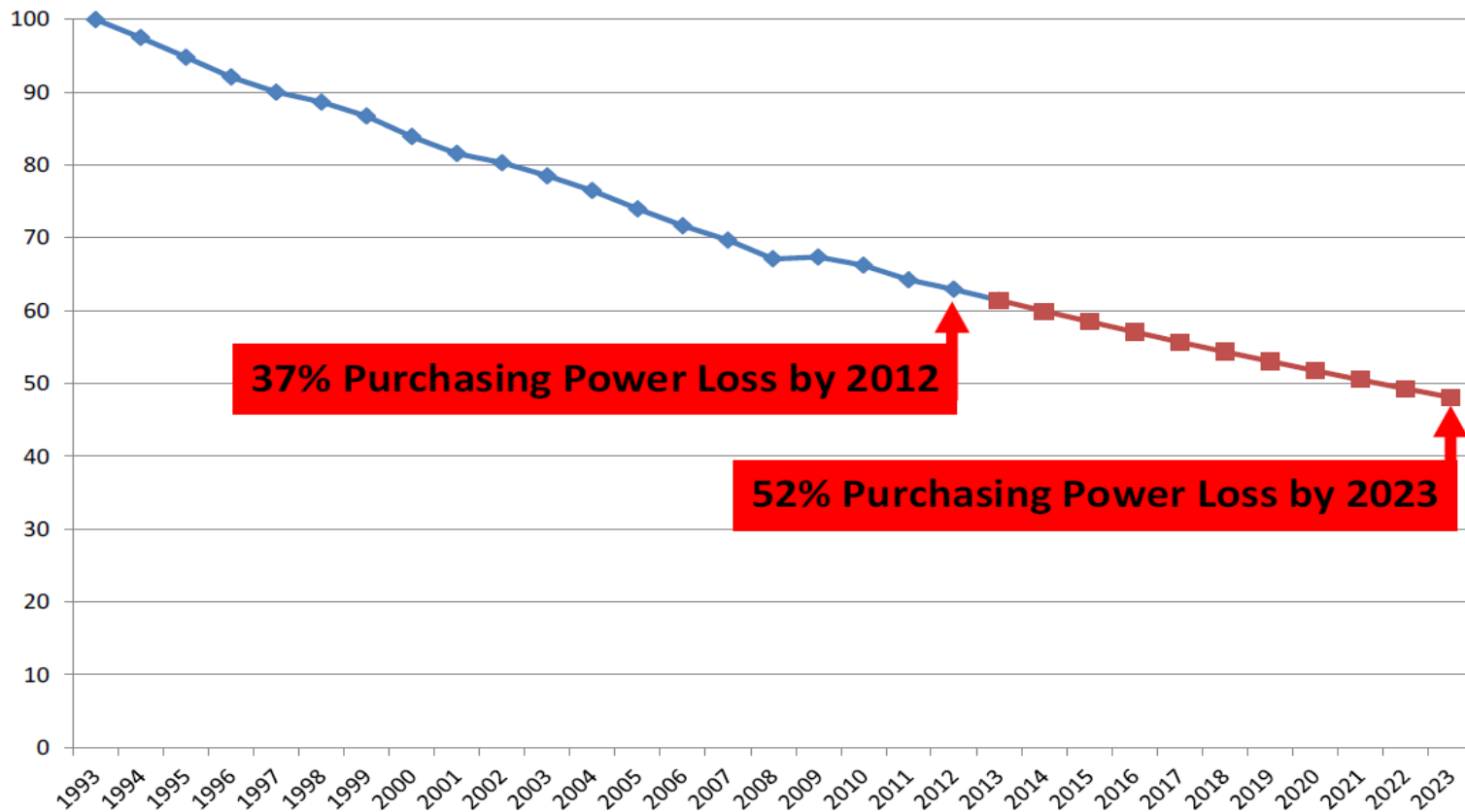


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THE GAS TAX CONTINUES TO LOSE ITS PURCHASING POWER



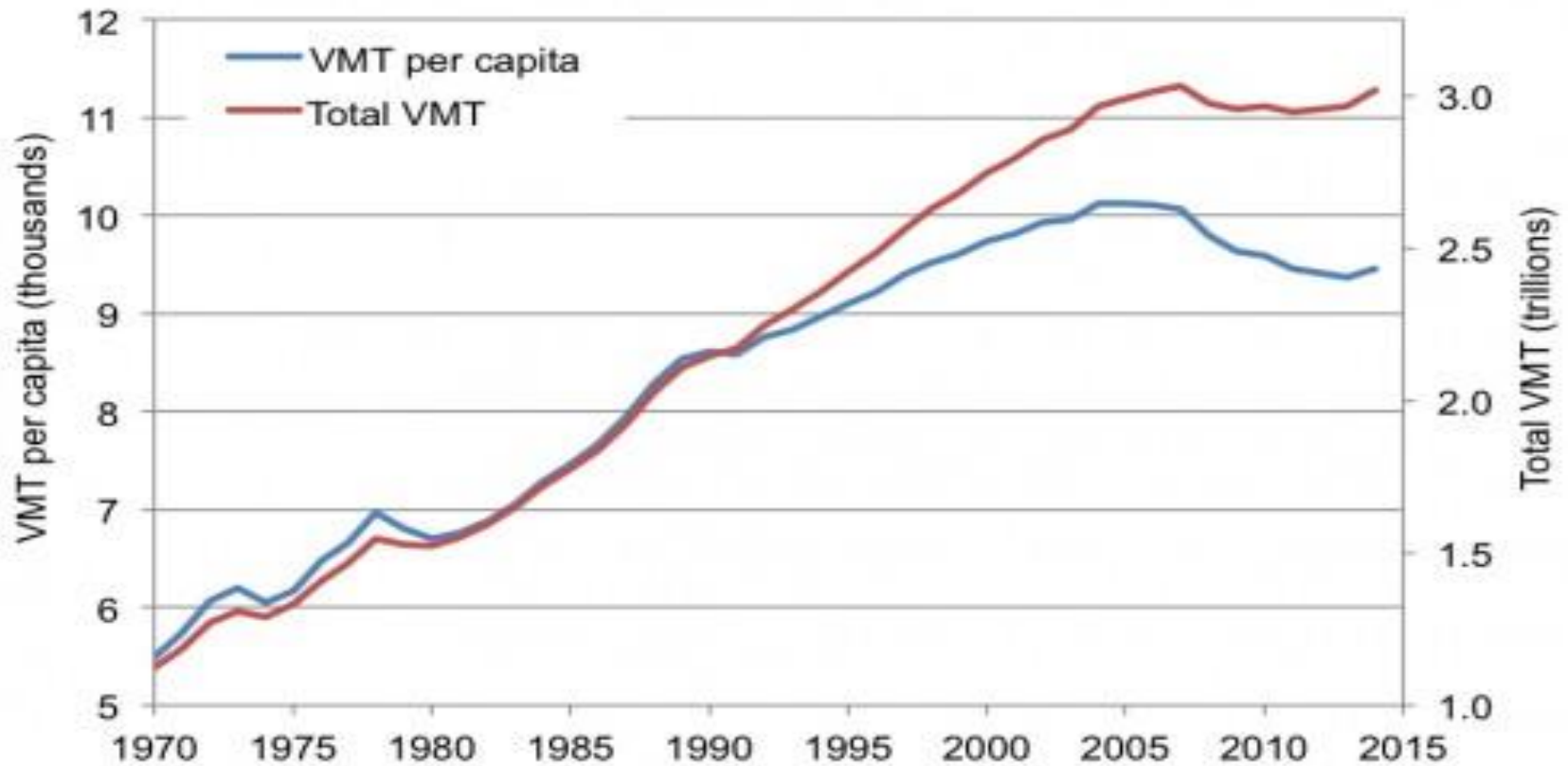


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We are not driving as much





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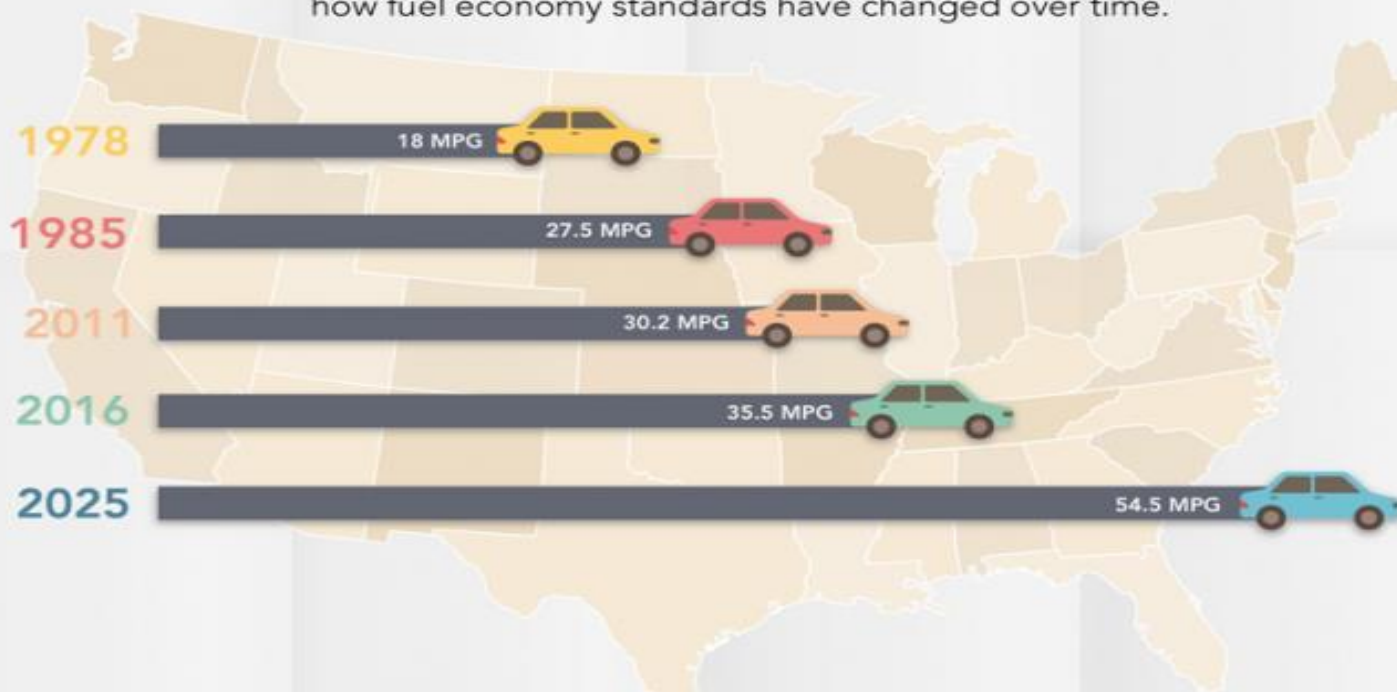
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THE ROAD TO FUEL EFFICIENCY

A HISTORIC LOOK AT THE STANDARDS

Fuel economy standards are set periodically to ensure that vehicles are keeping up with the times -- here's a snapshot of how fuel economy standards have changed over time.



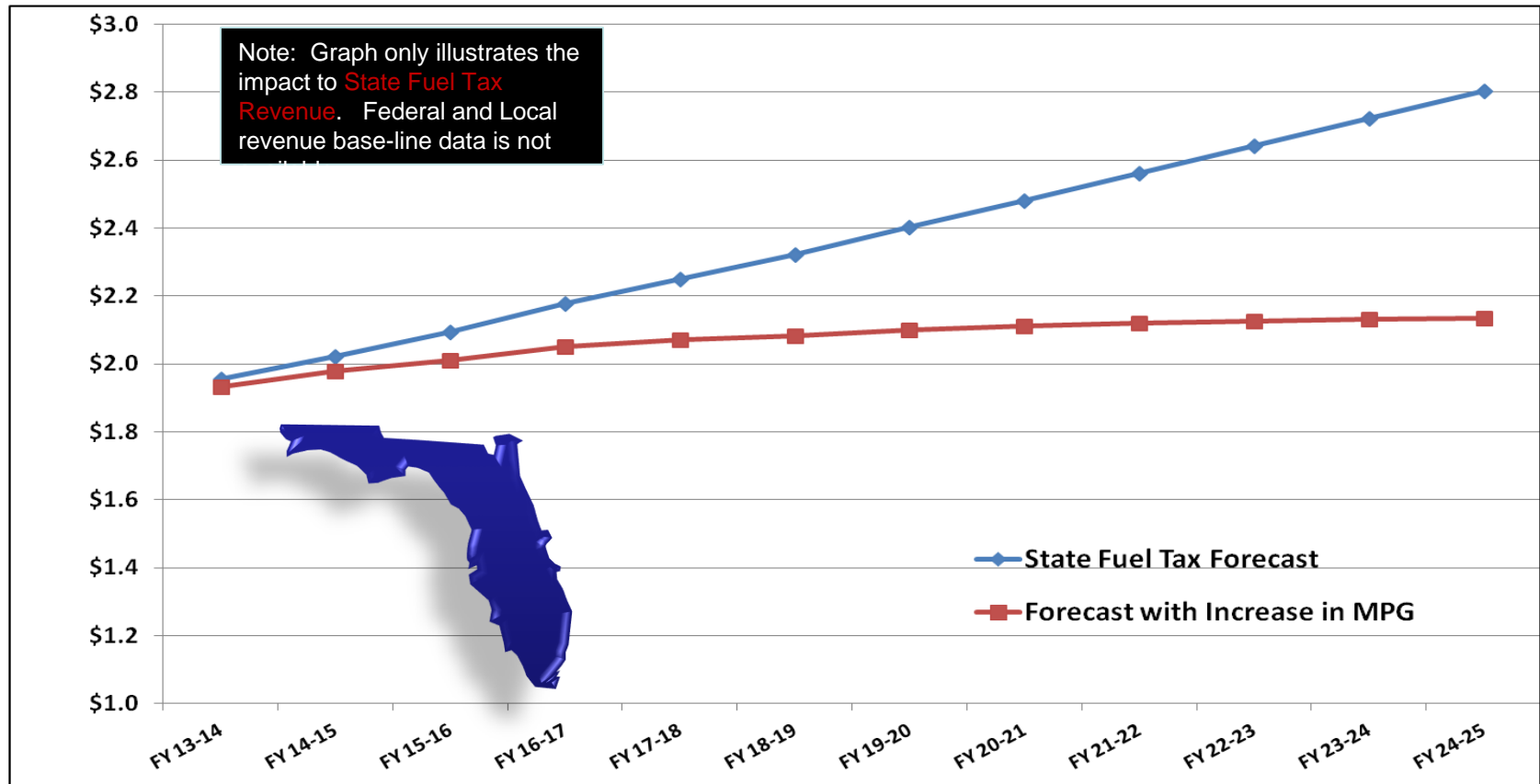


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Impacts of Fuel Efficient Vehicles on State Fuel Tax Revenue (in Billions of \$)



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*The Forum for America's Ideas***Table 1. Projected HTF Sufficiency: FY2015-FY2020**

Billions of Dollars

Fiscal Year	HTF Revenue	HTF Outlays	Difference
2015	39	53	-14
2016	39	53	-14
2017	39	53	-14
2018	39	55	-16
2019	39	55	-16
2020	39	55	-16
Four-year total	156	214	-58
Four-year annual average	39	54	-15
Six-year total	234	324	-90
Six-year annual average	39	54	-15

Source: CRS calculations based on CBO, *Projections of Highway Trust Fund Accounts Under CBO's April 2014 Baseline*, April 2014. Figures may not add due to rounding.

Notes: Includes combined figures from both the highway account and the mass transit account. The HTF Revenue column includes interest on the HTF balances. Outlays refer to the spending of budget authority. In this case the spending of funds debited from the HTF.



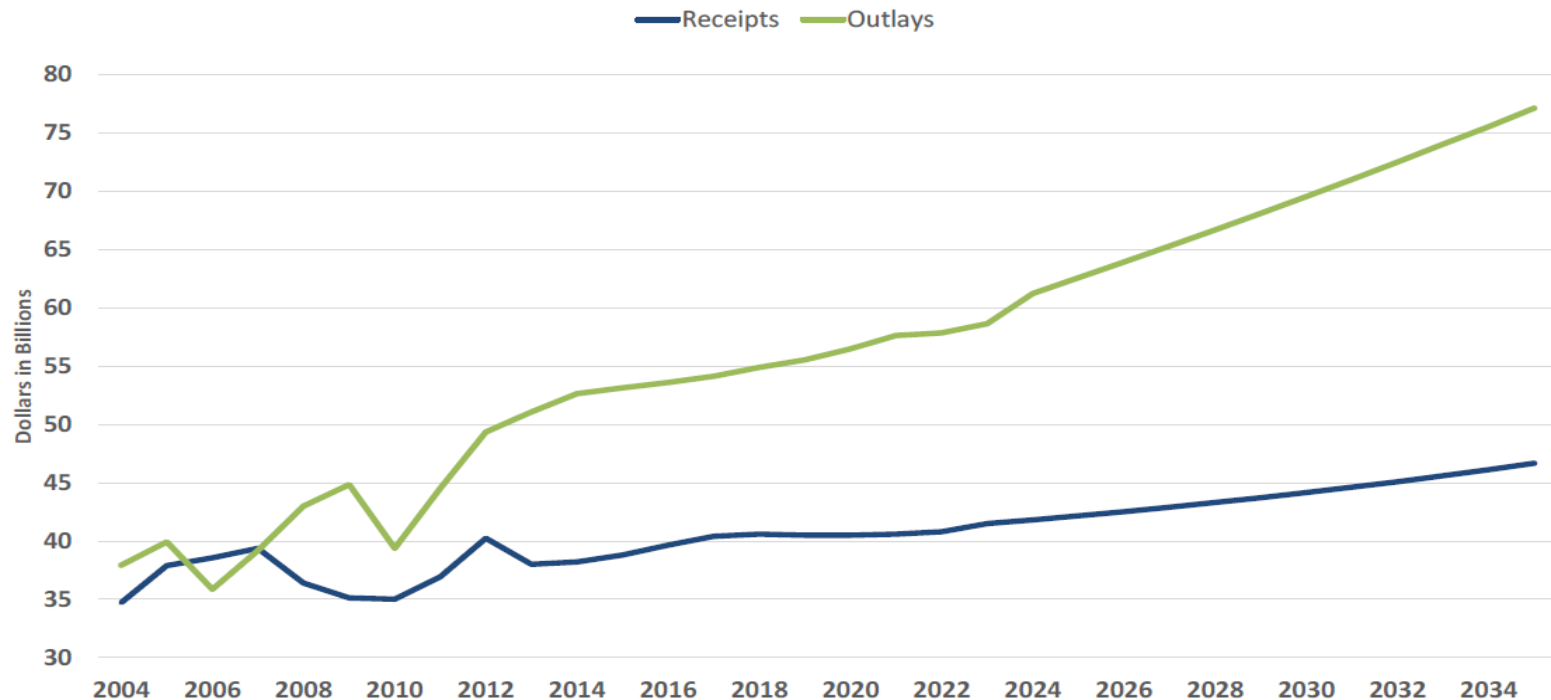
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HTF OUTLAYS ARE ESTIMATED TO OUTPACE RECEIPTS BY \$15 BILLION OR MORE PER YEAR

Highway Trust Fund Receipts and Outlays Discrepancy



Excludes \$8.017 billion transfer from General Fund to Highway Account of HTF in September 2008; \$7 billion transfer from General Fund to Highway Account of HTF in August 2009; \$19.5 billion transfer from General Fund to Highway and Mass Transit Accounts of HTF in March 2010; \$2.4 billion transfer from Leaking Underground Storage Tank Trust Fund to HTF in July 2012; \$6.2 billion transfer from General Fund to Highway Account of HTF in FY 2013; \$10.4 billion transfer from General Fund to Highway Account of HTF in FY 2014; \$2.2 billion transfer from General Fund to Mass Transit Account of HTF in FY 2014.



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Stayin' Alive

Transfers to Highway Trust Fund Since 2008:

\$63 Billion

- FY 2008: \$8 Billion GF transfer to
- FY 2009: \$7 Billion GF transfer to
- FY 2010: \$19.5 Billion GF transfer to
- FY 2012: \$2.4 Billion LUST transfer
- FY 2013: \$5.9 Billion GF transfer
- FY 2014: \$20.5 Billion transfer to HTF from both the GF and LUST



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Technically feasible revenue options

Matrix of Illustrative Surface Transportation Revenue Options

Existing Highway Trust Fund Revenue Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	\$ in Billions	
			Assumed 2014 Yield	Total Forecast Yield 2015–2020
Motor Fuel Tax—Diesel	15.0¢	¢/gal increase in current rate (approx. 10% increase in total rate)	\$6.54	\$41.79
Motor Fuel Tax—Gas	10.0¢	¢/gal increase in current rate (approx. 10% increase in total rate)	\$13.21	\$78.12
Heavy Vehicle Use Tax	50%	Increase in current revenues, structure not defined	\$0.55	\$3.42
Sales Tax—Trucks and Trailers	10%	Increase in current revenues, structure not defined	\$0.33	\$2.19
Tire Tax—Trucks	10%	Increase in current revenues, structure not defined	\$0.04	\$0.23
Potential Highway Trust Fund Revenue Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	Assumed 2014 Yield*	Total Escalated Yield 2015–2020*
Container Tax	\$15.00	Dollar per TEU	\$0.66	\$4.26
Customs Revenues	5.0%	Increase in/reallocation of current revenues, structure not defined	\$1.80	\$11.66
Drivers License Surcharge	\$5.00	Dollar annually	\$1.08	\$6.98
Freight Bill—Truck Only	0.5%	Percent of gross freight revenues (primary shipments only)	\$3.07	\$19.90
Freight Bill—All Modes	0.5%	Percent of gross freight revenues (primary shipments only)	\$3.80	\$24.60
Freight Charge—Ton (Truck Only)	10.0¢	¢/ton of domestic shipments	\$1.17	\$7.54
Freight Charge—Ton (All Modes)	10.0¢	¢/ton of domestic shipments	\$1.44	\$9.29
Freight Charge—Ton-Mile (Truck Only)	0.10¢	¢/ton-mile of domestic shipments	\$1.41	\$9.15
Freight Charge—Ton-Mile (All Modes)	0.10¢	¢/ton-mile of domestic shipments	\$3.48	\$22.52
Harbor Maintenance Tax	25.0%	Increase in/reallocation of current revenues, structure not defined	\$0.43	\$2.79
Imported Oil Tax	\$2.50	Dollar/barrel	\$5.76	\$37.28
Income Tax—Business	1.0%	Increase in/reallocation of current revenues, structure not defined	\$2.79	\$18.06
Income Tax—Personal	0.5%	Increase in/reallocation of current revenues, structure not defined	\$6.70	\$43.36
Motor Fuel Tax Indexing to CPI—Diesel	—	¢/gal excise tax	—	\$5.22
Motor Fuel Tax Indexing to CPI—Gas	—	¢/gal excise tax	—	\$10.87
Oil, Gas, and Minerals Receipts	25.0%	Increase in/reallocation of current revenues, structure not defined	\$2.20	\$14.25
Registration Fee—Electric LDVs	\$100.00	Dollar annually	\$0.01	\$0.06
Registration Fee—Hybrid LDVs	\$50.00	Dollar annually	\$0.17	\$1.12
Registration Fee—Light Duty Vehicles	\$15.00	Dollar annually	\$3.57	\$23.11
Registration Fee—Trucks	\$150.00	Dollar annually	\$1.63	\$10.54
Registration Fee—All vehicles	\$20.00	Dollar annually	\$4.98	\$32.21
Sales Tax—Auto-related Parts & Services	1.0%	Percent of sales	\$2.32	\$15.04
Sales Tax—Bicycles	1.0%	Percent of sales	\$0.06	\$0.38
Sales Tax—Diesel	7.6%	Percent of sales (excl. excise taxes)	\$9.65	\$62.50
Sales Tax—Gas	5.6%	Percent of sales (excl. excise taxes)	\$24.05	\$155.66
Sales Tax—New Light Duty Vehicles	1.0%	Percent of sales	\$2.41	\$15.61
Sales Tax—New and Used Light Duty Vehicles	1.0%	Percent of sales	\$3.46	\$22.40
Tire Tax—Bicycles	\$2.50	Dollar per bicycle tire	\$0.08	\$0.53
Tire Tax—Light Duty Vehicles	1.0%	Of sales of LDV tires	\$0.33	\$2.12
Transit Passenger Miles Traveled Fee	1.5¢	¢/passenger mile traveled on all transit modes	\$0.84	\$5.45
Vehicle Miles Traveled Fee—Light Duty Vehicles	1.0¢	¢/LDV vehicle mile traveled on all roads	\$27.12	\$175.58
Vehicle Miles Traveled Fee—Trucks	4.0¢	¢/truck vehicle mile traveled on all roads	\$10.93	\$70.73
Vehicle Miles Traveled Fee—All Vehicles	—	¢/vehicle mile traveled on all roads	\$38.05	\$246.31

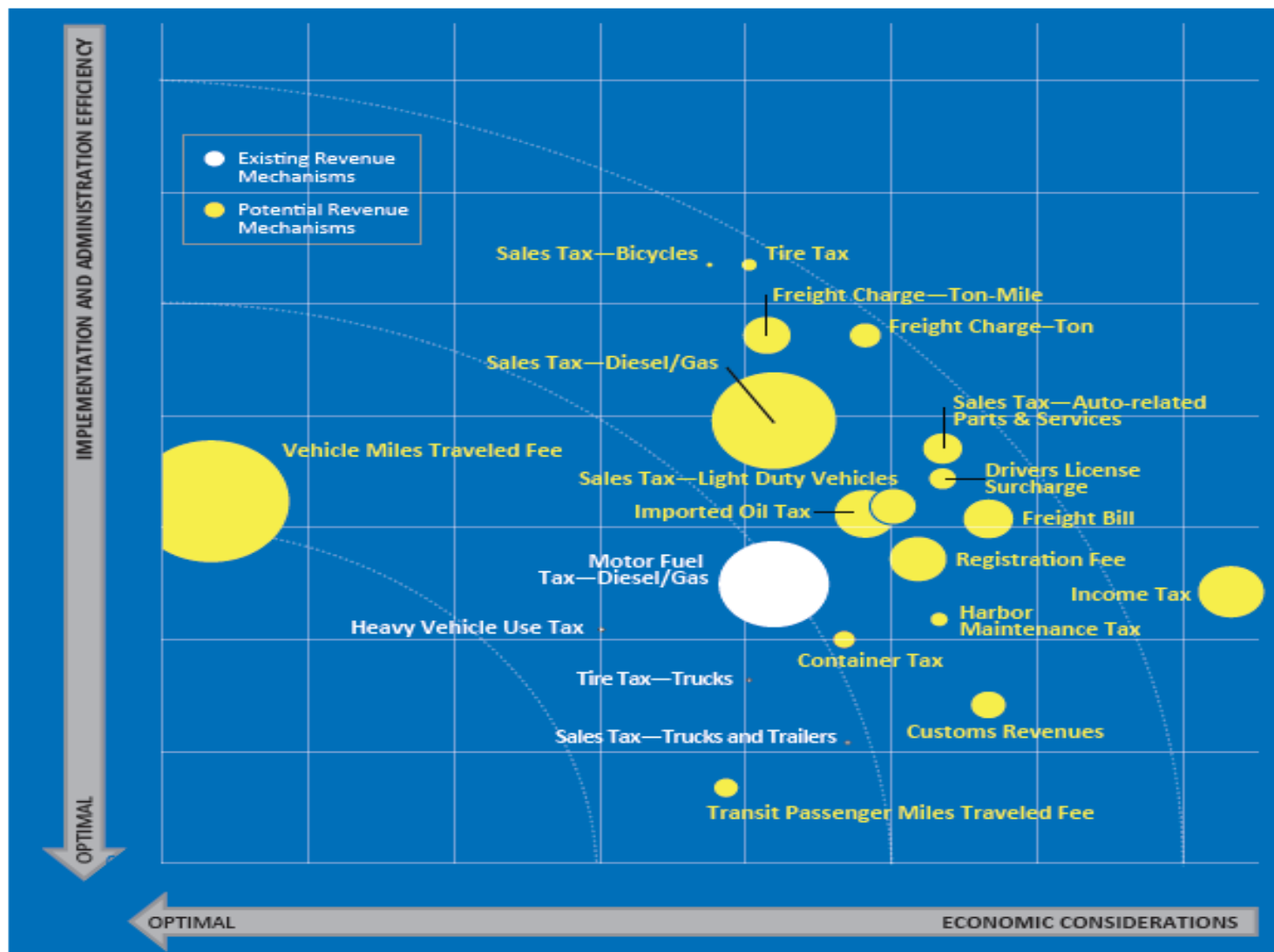
* Base annual yield escalated using CPI-U.



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MAP-21 Reauthorization: Where Does it Stand?



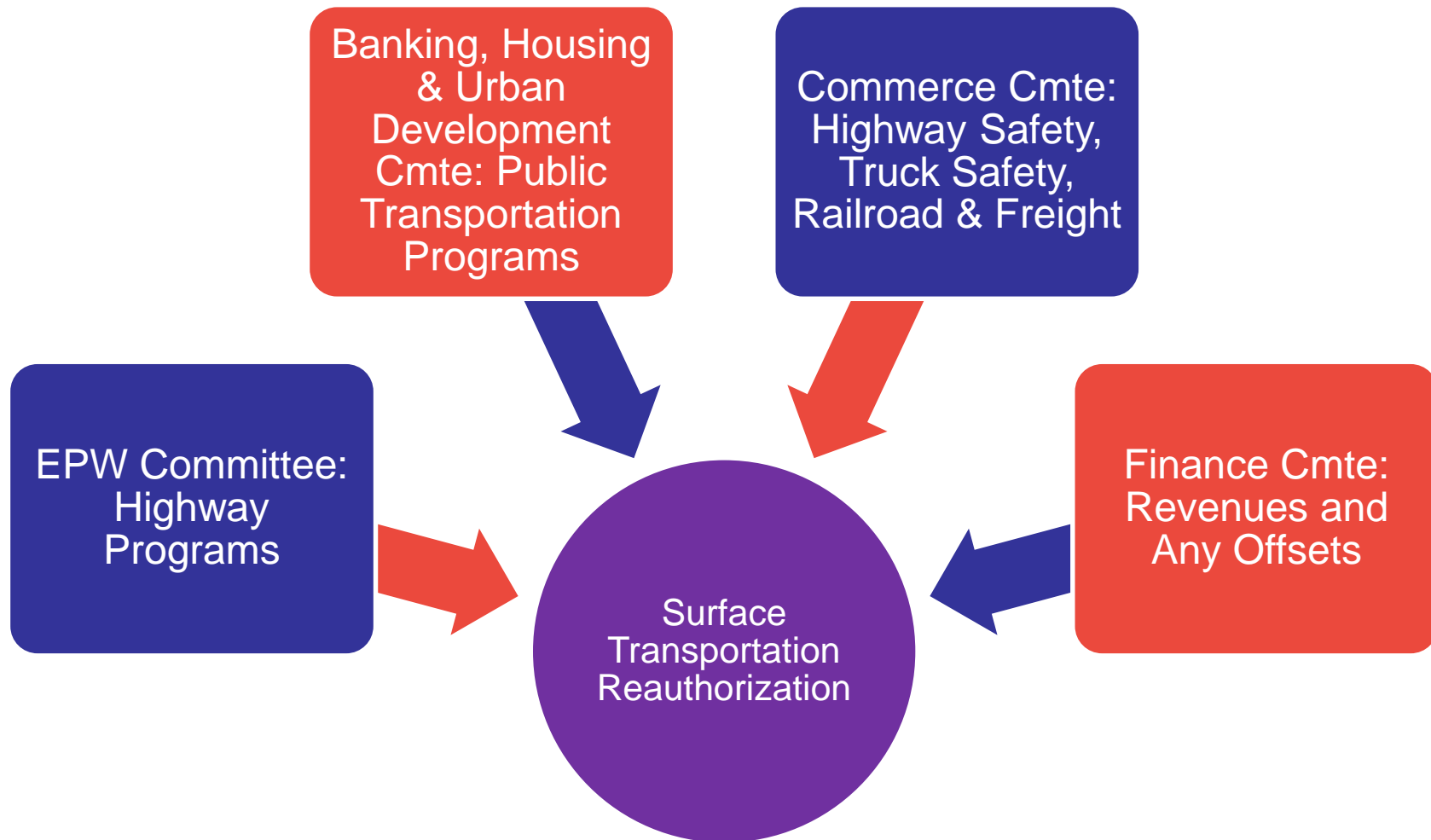


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The Great Jurisdictional Game: The Senate





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The House is Less Complex

Transportation and
Infrastructure Cmte:
Highway Programs,
Public Transportation
Programs and Highway
Safety, Truck Safety,
Railroad & Freight

Ways and Means
Cmte: Revenues and
Any Offsets

Surface
Transportation
Reauthorization







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Down the road...



- Budget/Debt Limit
- Amtrak
Reauthorization
- FAA Reauthorization



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Article 1, Section 8 – To Establish Post Offices and Post Roads

*Section. 8. The Congress shall have Power To lay and collect Taxes, Duties, Imports and Exports, for the general Welfare of the United States; but all Duties, Imports and Exports, shall be uniform throughout the United States;
To borrow Money on the credit of the United States;
To regulate Commerce with foreign Nations, and to统一 the Interstate Commerce;
To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Naturalization;
To coin Money, regulate the Value thereof, and of foreign Silver and Gold;
To provide for the Punishment of counterfeiting;
● To establish Post Offices and post Roads;
To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;
To constitute Tribunals inferior to the supreme Court;
To define and punish Piracies and Felonies committed on the high Seas, and Offences against the Law of Nations;*