

# Funding a Six-year \$400B Federal Highway & Transit Program Authorization With No Net Tax Increase for Middle & Lower Income Americans

## ARTBA Proposal Assumptions

- (1) Federal Highway and Transit Program is 100% user supported through the Highway Trust Fund
- (2) Federal gas tax raised 15 cents per gallon
- (3) Federal diesel fuel tax raised 15 cents per gallon
- (4) All new tax revenue generated by fuel tax increase used exclusively to:
  - (a) fill existing HTF funding gap
  - (b) fund new National Freight Network Improvement Program with Multi-modal Projects of National and Regional Significance
  - (c) fund new Transit Capital Projects Highway Congestion Relief Program
  - (d) Maintains traditional 80/20 percent split between highway and transit for new HTF revenues
- (5) One time federal Repatriation Transition Tax funds 6-year, annual rebate to middle & lower income tax filers for increased gas tax paid; benefits 94% of tax filers
  - (a) \$90 for Single Filers w/Adjusted Gross Income (AGI) < \$100K
  - (b) \$180 for Joint Filers w/Adjusted Gross Income (AGI) < \$200K
- (6) New fuels tax revenue covers existing \$2B/year General Fund support for Mass Transit Program
- (7) Existing core highway and transit programs increase by inflation annually
- (8) Future HTF revenues change in line with forecasted changes in fuel consumption and freight truck registrations

## ARTBA Proposal Revenue Calculations

|  | Baseline      | Year 1        | Year 2        | Year 3        | Year 4        | Year 5        | Year 6        | Total Years 1-6 | Average       |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| <b>Annual Highway Trust Fund revenue generated by existing tax &amp; fee rates</b> |               |               |               |               |               |               |               |                 |               |
| Gas tax revenue (18.3 cents/gallon; \$1.37 billion raised per 1 cent)              | \$25.0        | \$24.7        | \$24.5        | \$24.3        | \$23.9        | \$23.5        | \$23.1        | \$144.0         | \$24.0        |
| Diesel fuel tax revenue (24.3 cents/gallon; \$419 million raised per 1 cent)       | \$10.2        | \$10.5        | \$10.9        | \$11.0        | \$11.1        | \$11.2        | \$11.4        | \$66.2          | \$11.0        |
| Other taxes and fees (i.e., tires, truck/trailer sales; heavy vehicle use)         | \$5.0         | \$5.1         | \$5.2         | \$5.2         | \$5.3         | \$5.4         | \$5.4         | \$31.5          | \$5.3         |
| <b>Total annual revenue generated by existing tax &amp; fee rates for the HTF</b>  | <b>\$40.2</b> | <b>\$40.3</b> | <b>\$40.5</b> | <b>\$40.5</b> | <b>\$40.3</b> | <b>\$40.1</b> | <b>\$39.8</b> | <b>\$241.6</b>  | <b>\$40.3</b> |
| <b>Additional annual HTF revenue generated by new fuel tax rates</b>               |               |               |               |               |               |               |               |                 |               |
| New gas tax revenue  |               | \$20.6        | \$20.4        | \$20.2        | \$19.9        | \$19.5        | \$19.2        | \$119.7         | \$20.0        |
| New diesel fuel tax revenue  |               | \$6.3         | \$6.5         | \$6.6         | \$6.6         | \$6.7         | \$6.8         | \$39.5          | \$6.6         |
| <b>Total additional annual revenue generated by new fuel tax rates for the HTF</b> |               | <b>\$26.8</b> | <b>\$26.9</b> | <b>\$26.8</b> | <b>\$26.5</b> | <b>\$26.2</b> | <b>\$26.0</b> | <b>\$159.2</b>  | <b>\$26.5</b> |

## Funding/Tax Rebate Results w/ARTBA Proposal

| Projected Revenue   | Baseline      | Year 1        | Year 2        | Year 3        | Year 4        | Year 5        | Year 6        | Total Years 1-6 | Average       |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| Total annual gas tax revenue available to HTF                             | \$25.0        | \$45.3        | \$44.9        | \$44.4        | \$43.8        | \$43.0        | \$42.3        | \$263.7         | \$43.9        |
| Total annual diesel fuel tax revenue available to HTF                     | \$10.2        | \$16.8        | \$17.4        | \$17.6        | \$17.8        | \$17.9        | \$18.1        | \$105.7         | \$17.6        |
| Revenue from other taxes and fees available to HTF                        | \$5.0         | \$5.1         | \$5.2         | \$5.2         | \$5.3         | \$5.4         | \$5.4         | \$31.5          | \$5.3         |
| <b>Total annual revenue available for HTF highway and transit program</b> | <b>\$40.2</b> | <b>\$67.2</b> | <b>\$67.4</b> | <b>\$67.3</b> | <b>\$66.9</b> | <b>\$66.3</b> | <b>\$65.8</b> | <b>\$400.9</b>  | <b>\$66.8</b> |
| Annual cost of gas tax increase per average driver                        |               | \$92.65       | \$90.75       | \$88.68       | \$86.68       | \$84.42       | \$82.21       | \$525.4         | \$87.56       |
| Annual cost of diesel fuel tax increase per registered truck/bus          |               | \$674.29      | \$685.57      | \$686.78      | \$683.51      | \$681.74      | \$680.87      | \$4,092.7       | \$682.1       |

| Tax Rebate   | Baseline | Year 1        | Year 2        | Year 3        | Year 4        | Year 5        | Year 6        | Total Years 1-6 | Average       |
|--|----------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| Total annual rebates to Single Filers w/AGI < \$100K per individual, in billions   |          | \$7.9         | \$8.0         | \$8.1         | \$8.1         | \$8.2         | \$8.3         | \$48.7          | \$8.1         |
| Total annual rebates to Joint Filers w/AGI < \$200K per individual, in billions  |          | \$8.9         | \$9.0         | \$9.1         | \$9.2         | \$9.2         | \$9.3         | \$54.7          | \$9.1         |
| <b>Total Repatriation Transition Tax revenue needed to rebate 100% of new gas tax paid by Middle Class and Low Income filers</b> |          | <b>\$16.9</b> | <b>\$17.0</b> | <b>\$17.2</b> | <b>\$17.3</b> | <b>\$17.4</b> | <b>\$17.6</b> | <b>\$103.3</b>  | <b>\$17.2</b> |

| Core Highway and Transit Program Annual Authorization                      | Baseline      | Year 1        | Year 2        | Year 3        | Year 4        | Year 5        | Year 6        | Total Years 1-6 | Average       |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| Baseline Core Highway Program increased annually for anticipated inflation | \$40.0        | \$40.9        | \$41.7        | \$42.6        | \$43.5        | \$44.5        | \$45.6        | \$258.7         | \$43.1        |
| Baseline Core Transit Program increased annually for anticipated inflation | \$10.0        | \$10.2        | \$10.4        | \$10.6        | \$10.9        | \$11.1        | \$11.4        | \$64.7          | \$10.8        |
| <b>Annual Core Highway and Transit Program investment</b>                  | <b>\$50.0</b> | <b>\$51.1</b> | <b>\$52.1</b> | <b>\$53.2</b> | <b>\$54.4</b> | <b>\$55.6</b> | <b>\$57.0</b> | <b>\$323.4</b>  | <b>\$53.9</b> |

| New National Freight Network Improvement Program Projects of National & Regional Significance Annual Authorization | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Total Years 1-6 | Average |
|--|----------|--------|--------|--------|--------|--------|--------|-----------------|---------|
|  |          | \$12.9 | \$12.3 | \$11.3 | \$10.0 | \$8.6  | \$7.1  | \$62.0          | \$10.3  |

| New Transit Capital Projects Highway Congestion Relief Program Annual Authorization | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Total Years 1-6 | Average |
|---|----------|--------|--------|--------|--------|--------|--------|-----------------|---------|
|   |          | \$3.2  | \$3.1  | \$2.8  | \$2.5  | \$2.1  | \$1.8  | \$15.5          | \$2.6   |

| TOTAL SURFACE TRANSPORTATION PROGRAM ANNUAL AUTHORIZATION | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Total Years 1-6 | Average |
|---|----------|--------|--------|--------|--------|--------|--------|-----------------|---------|
| Total investment  | \$50.0   | \$67.2 | \$67.4 | \$67.3 | \$66.9 | \$66.3 | \$65.8 | \$400.9         | \$66.8  |
| Annual percent change                                     |          | 34%    | 0%     | 0%     | -1%    | -1%    | -1%    |                 |         |

## Supporting Background Information & Data Used in ARTBA Proposal Model

| Demographics  | Baseline | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Year 6  | Source Data            |
|---|----------|---------|---------|---------|---------|---------|---------|------------------------|
| U.S. Population (in millions)   | 318.9    | 321.4   | 324.0   | 326.6   | 329.3   | 331.9   | 334.5   | <a href="#">Census</a> |
| Number of licensed drivers (in millions)  | 219.0    | 221.8   | 224.7   | 227.5   | 229.5   | 231.5   | 233.5   | <a href="#">EIA</a>    |
| Stock of light duty cars & trucks (in millions, does not include motorcycles/buses) | 227.0    | 228.9   | 231.4   | 233.8   | 235.9   | 237.9   | 239.7   | <a href="#">EIA</a>    |
| Stock of freight trucks (in millions)   | 9.18     | 9.32    | 9.46    | 9.59    | 9.72    | 9.83    | 9.95    | <a href="#">EIA</a>    |
| Federal Income Tax Filers (in millions)   |          |         |         |         |         |         |         |                        |
| a) Total tax filers (including two filers for joint filing)                         | 198.6    | 200.2   | 201.8   | 203.4   | 205.1   | 206.7   | 208.3   | <a href="#">IRS</a>    |
| b) Total Single Filers w/Adjusted Gross Income (AGI) < \$100K                       | 87.6     | 88.3    | 89.0    | 89.7    | 90.5    | 91.2    | 91.9    |                        |
| c) Total Joint Filers w/Adjusted Gross Income (AGI) < \$200K                        | 98.5     | 99.3    | 100.1   | 100.9   | 101.7   | 102.5   | 103.3   |                        |
| d) Rebate given to each individual filer  |          | \$90.00 | \$90.00 | \$90.00 | \$90.00 | \$90.00 | \$90.00 |                        |

| Inflation Adjustment                        | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Source Data         |
|---|----------|--------|--------|--------|--------|--------|--------|---------------------|
| CPI Forecast by Congressional Budget Office |          | 2.2%   | 2.0%   | 2.1%   | 2.2%   | 2.3%   | 2.4%   | <a href="#">CBO</a> |

| Vehicles, Mileage, VMT & Fuel Consumption                                      | Baseline | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Year 6  | Source Data          |
|--|----------|---------|---------|---------|---------|---------|---------|----------------------|
| Gasoline fuel taxed (billions of gallons, FHWA value for 2012)                 | 132.7    | 131.1   | 130.1   | 128.7   | 126.9   | 124.7   | 122.5   | <a href="#">FHWA</a> |
| Average fuel efficiency of passenger and fleet vehicle stock, miles per gallon | 22.3     | 22.7    | 23.1    | 23.5    | 23.9    | 24.5    | 25.1    | <a href="#">EIA</a>  |
| Average gasoline consumed per driver (gallons)                                 | 606      | 591     | 579     | 566     | 553     | 539     | 525     |                      |
| Total VMT for light duty vehicles & trucks (billions of miles)                 | 2,704.3  | 2,717.0 | 2,747.2 | 2,777.7 | 2,801.2 | 2,826.0 | 2,850.9 | <a href="#">EIA</a>  |
| Annual VMT per licensed driver   | 12,351   | 12,250  | 12,225  | 12,212  | 12,208  | 12,209  | 12,209  | <a href="#">EIA</a>  |
| Average fuel efficiency of freight trucks, miles per gallon                    | 6.8      | 6.9     | 6.9     | 7.0     | 7.1     | 7.2     | 7.3     | <a href="#">EIA</a>  |
| Diesel fuel taxed (billions of gallons)  | 36.5     | 37.7    | 38.9    | 39.5    | 39.8    | 40.2    | 40.6    | <a href="#">FHWA</a> |
| Total VMT for freight trucks (in billions)                                     | 263.2    | 274.5   | 285.9   | 293.7   | 299.0   | 304.2   | 309.6   | <a href="#">EIA</a>  |
| Annual % change, gasoline consumption (calculated from EIA 2014 AEO)           |          | -1.2%   | -0.8%   | -1.1%   | -1.4%   | -1.7%   | -1.8%   |                      |
| Annual % change, diesel fuel consumption (calculated from EIA 2014 AEO)        |          | 3.3%    | 3.2%    | 1.6%    | 0.8%    | 0.9%    | 1.0%    |                      |
| Annual % change in freight registrations (calculated from EIA 2014 AEO)        |          | 1.5%    | 1.5%    | 1.4%    | 1.3%    | 1.2%    | 1.1%    |                      |

### Links to Source Data

[FHWA Highway Statistics \(for baseline volume of fuel taxed\)](#)

[U.S. Energy Information Agency \(EIA\). Annual Energy Outlook \(AEO\) 2014. reference case](#)

[IRS Table 1.2 All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status, Tax Year 2012](#)

[Congressional Budget Office August 2014. An Update to the Budget and Economic Outlook: Fiscal Years 2014 to 2024.](#)

Additional Assumptions for demographic information:

Ratio between tax filers and U.S. population and split of single/joint filers in baseline year holds steady for future values.

Future values of volume of gasoline taxed (from FHWA) changes in line with overall % change in fuel consumption forecasted by EIA.