

PEW ANALYSIS FINDS HIGHWAYS INCREASINGLY PAID FOR BY “NON-USER” FUNDING SOURCES

Washington— Highways, which span over four million miles in the United States, are increasingly paid for by “non-user” fees—including sales, income and property taxes—an analysis released today by Pew’s Subsidyscope project finds. The report shows that in recent years, these revenues are funding a greater share of highway construction and maintenance projects, with a corresponding decrease in the percentage of user contributions—including gas taxes, vehicle registrations and tolls.

“Our nation’s highway system benefits all Americans, even those who are not drivers,” said Marcus Peacock, director of Subsidyscope. “However, in recent years, user revenues are paying for a smaller share of the pie. That means the broader population is paying a bigger share.”

Highways are financed by federal, state and local funds. The Highway Trust Fund (HTF), the federal government’s primary means of financing highways, is primarily funded through gas tax receipts. As with user fees in general, the portion of costs covered by the HTF has declined over the last four decades.

Various factors account for the shift in funding away from users fees, including the fact that gas taxes, which are not indexed to increase with inflation, are losing their buying power. As new technologies develop, cars are becoming more fuel efficient, requiring less gas, and contributing fewer dollars in user fees. At the same time, costs are increasing for both maintenance and new road construction.

At their height in the early 1960s, highway user fees once covered more than 70 percent of construction and maintenance costs. However, Subsidyscope’s analysis of Federal Highway Administration statistics finds that user fees financed 51 percent of highway construction and maintenance costs in 2007.

Subsidyscope’s analysis was conducted on available data through 2007. Stimulus funds—on which data have yet to be published—constitute “non-user” fees and are likely to contribute to the upward trend of “non-user” fees supporting highways.

The dataset and analysis were released as part of Subsidyscope’s broader look at all federal spending on subsidy programs in the transportation sector, including rail, aviation, highways and maritime. Subsequent analyses will look at other sectors such as energy, healthcare, nonprofits and housing. Subsidyscope’s goal is to make data on federal spending and subsidies more transparent and accessible to the public, the media and policymakers and does not take a position on the value of any subsidy.

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