

Gallon Based User Fee



PROBLEM

The U.S. Highway Trust Fund (HTF) is facing significant funding challenges due to the following:

Stagnant Fuel Taxes

The federal gas tax, the primary HTF revenue source, has remained at 18.4 ¢ (Gasoline) 24.4 ¢ (Diesel) per gallon since 1993. Due to inflation and rising construction costs, the cumulative shortfall of the fund over the 2024–2033 period (9 years) is projected to be \$181 billion.

Increased Spending Without New Revenue

The Infrastructure Investment and Jobs Act (IIJA) increased spending from the HTF by \$102 billion but did not introduce new, sustainable revenue sources. Instead, it relied on a \$118 billion transfer from the General Fund, which is not a long-term solution.

Electric and Fuel-Efficient Vehicles

As vehicles become more fuel-efficient and electric vehicle (EV) adoption grows, fewer vehicles contribute to the gas tax, which is the primary revenue source for the HTF. EVs pay no gas tax, and hybrids contribute significantly less despite using the same roads. Without policy updates, this trend will further erode funding and jeopardize the future of our transportation infrastructure.

SOLUTION

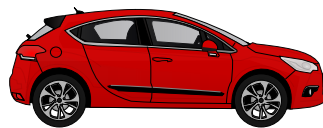
The current federal fuel tax system remains the most efficient, cost-effective, and fair method for funding the Highway Trust Fund (HTF).

Rebranding this system as a **Gallon-Based User Fee (GBUF)** would enhance transparency and help the public better understand how the HTF is financed. It is a usage fee directly tied to highway use and miles traveled based on MPG.

To help close the funding gap in the Highway Trust Fund, a **117% increase in the Gallon-Based User Fee**, the addition of a **\$250 registration fee for electric vehicles/\$100 fee for hybrids**, and the **repeal of the Federal Excise Tax** are needed. This would **cover the shortfall in less than four years** with **220.2 billion additional revenue**.

1% of dollars collected go to administrative costs.

The GBUF cost would be **39.9¢** per gallon for gasoline and **52.9¢** per gallon for diesel, representing an increase of **21.5¢** and **28.5¢** per gallon.



The average annual GBUF cost to users per vehicle based on 2024 gallons would be approximately **\$125**.

Repealing the Federal Excise Tax (**H.R. 2424—the Modern, Clean, and Safe Trucks Act**) would eliminate the \$6.9 billion in annual FET revenue. The repeal would **allow carriers to purchase newer, more technologically advanced trucks and trailers, leading to improved roadway safety at reduced prices**.



Annual Adjusted Total Revenue Contributed to the Highway Trust Fund:

\$82,995.6 Billion