

TRB Special Report 285

Fuel Tax and Alternatives for Transportation Funding

Transportation Research Board
of the National Academies

Committee

Rudolph Penner, Urban Institute

Carol Dahl, Colorado School of Mines

Martha Derthick, U. Virginia (retired)

David Forkenbrock, U. Iowa

David Galt, (formerly) Montana DOT

Shama Gamkhar, U. Texas

Thomas Larson, (formerly) FHWA Administrator, Penn DOT

Therese McGuire, Northwestern U.

Debra Miller, Kansas DOT

Michael Pagano, U. Illinois

Robert Poole, Reason Foundation

Daniel Sperling, U. California

James Taylor, Bear Stearns & Co.

Martin Wachs, RAND Corp.

Scope

- Is the fuel tax viable for the future as the mainstay of transportation funding?
- Is user fee based system eroding?
- What are alternatives?

Study not about how to increase revenues.
Committee did not examine how much money is needed.

Main Findings

- Fuel consumption per vmt could decline 20% by 2025. Present finance system can remain viable for at least another 15 years (although unlikely to provide enough revenue to reduce congestion).
- Ratio of user fee revenue to highway spending, average fee per mi. stable nationally for last 20+ years.
- User fee system of finance has helped ensure positive economic return on highway investments.

Main Findings (cont.)

- Transition to more direct user charges would improve efficiency and, possibly, public support for highway program.
 - Near term: more tolling
 - Long term: road use metering and mileage charging

Recommendations

- Maintain & reinforce user fee finance system.
- Expand use of tolls.
 - Federal government should encourage state experiments, allow tolls on FA roads.
- Test road use metering and mileage charges.
 - State/federal large-scale trials needed to prove concepts – reliability, administration, and user acceptance.
- Provide stable, broad-based funding for transit.

Recommendations, (cont.)

- Evaluate consequences of finance on system performance.
 - Shifts to new forms of finance could have profound consequences for current federal-state-local relationships, project selection, urban-rural revenue splits within states.
 - More authority at state/local level and new responsibilities.
 - Experiment, evaluate, improve.