



BUDGET DIGEST – Week of November 16th

Highway Program Reauthorization: Budget Matters

Recent Action in the House. On November 5, the House passed amendments to the Senate amendment to H.R. 22, the Developing a Reliable and Innovative Vision for the Economy [DRIVE] Act, a six-year reauthorization bill. One was the text of H.R. 3763, the Surface Transportation Reauthorization and Reform [STRR] Act of 2015—the House’s position on Federal highway and transit programs. A nearly \$35 billion transfer from the Treasury’s General Fund to the Highway Trust Fund [HTF] was included. House and Senate conferees continue their negotiations. The current authorization extension expires Friday, November 20.

How the Highway Trust Fund Works. In 1956, Congress set up the HTF to fund construction of the Interstate Highway System. Receipts from federal gasoline and diesel taxes—set at 18.3 cents/gallon and 24.23 cents/gallon, respectively—constitute 90% of HTF revenues. The Highway Account in the HTF receives 15.45 cents/gallon (84%) from the gas tax, and the Mass Transit Account receives 2.86 cents/gallon (16%). Each year, the HTF collects roughly \$40 billion and spends about \$53 billion. The Congressional Budget Office projects annual shortfalls of \$10-\$15 billion for highways and \$3-6 billion for transit.

What if there is a Shortfall? Congress could reduce spending to match HTF revenue, increase taxes or fees to match spending, or otherwise supplement HTF funding. In recent years, Congress has transferred balances from the General Fund to the HTF, as shown in the table below. The Fiscal Year 2016 budget resolution [S.Con.Res.11] requires such transfers to be counted as new budget authority and outlays in the year in which a transfer occurs.

General Fund Transfers to the HTF

Year of Transfer	Amount (in billions)	Authorizing Law	Authorizing Law Title
FY 2008	\$8.0	P.L. 110-318	To amend the Internal Revenue Code of 1986 to Restore the Highway Trust Fund Balance
FY 2009	\$7.0	P.L. 111-46	To restore sums to the Highway Trust Fund, and for other purposes
FY 2010	\$19.5	P.L. 111-147	Hiring Incentives to Restore Employment Act
FY 2013	\$6.2	P.L. 112-141	Moving Ahead for Progress in the 21 st Century Act
FY 2014	\$12.6	P.L. 112-141	Moving Ahead for Progress in the 21 st Century Act
FY 2014	\$9.765	P.L. 113-159	Highway and Transportation Funding Act of 2014
FY 2015	\$8.068	P.L. 114-41	Surface Transportation and Veterans Health Care Choice Improvement Act of 2015
TOTAL	\$71.1		

**The General Fund transfers to the HTF in the STRR Act and DRIVE Act were just under \$35 billion and just over \$47 billion, respectively.*