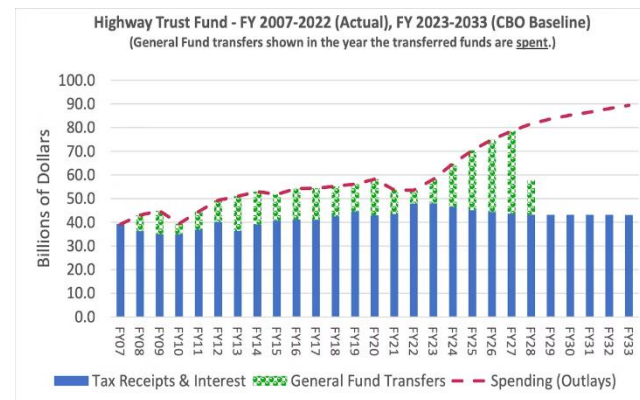


## Highway Trust Fund: Distribution and Financial Solvency

**Introduction to NAPA:** The National Asphalt Pavement Association (NAPA) is the lone national trade association representing over 1,100 asphalt pavement producers and lay down contractors across all 50 states. These plants produce over 400 million tons of asphalt pavement every year and employ 350,000 people nationwide. Asphalt comprises roughly 94% of highway and roadway pavements and 80% of airfield pavements because it is the most flexible and sustainable material on the market. Congress makes a significant investment in the surface transportation network, accounting for [roughly 25% of total nationwide spending on roads and bridges](#) – a necessary and critical investment that is the foundation of our national economy, security and growth across the country.

### HTF Revenue and Administration Background

- A significant amount of Federal transportation funding comes from the Highway Trust Fund (HTF), which is funded largely through gas and diesel taxes. The HTF collects other user fees, including revenue from heavy truck and trailer sales, tire tax, and a very small contribution from heavy vehicles annual use tax, among other means.
- The gas tax has not been raised since 1993 – nor is it indexed for inflation – thus, this major revenue source has been declining over the last two decades due to increased fuel efficiency and evolving vehicle drivetrains, including hybrids and electric vehicles (EVs).
- Annual spending has outpaced revenues into the HTF since 2008, forcing Congress to use general funds to make the HTF whole – [over \\$200B since the early 2000s](#).
- HTF distribution has historically been divided with 80% towards surface transportation accounts, while transit agencies receive 20%; however, transit does not collect and remit funds to the HTF.
- Currently, the annual revenues received by the HTF are around \$43B – and the outlays authorized under the *Infrastructure and Jobs Act* (IIJA) continue at around \$70B annually until September 2026 when the authorization expires.
- For decades, Congress has established a workable formula funding program to ensure federal funds are spent appropriately by their local/state agencies. Roughly 90% of all highway trust fund dollars are awarded to the state, and about 10% of funds are used via discretionary grants and spending.



### How Congress Can Fix the HTF

- We need to capture the EV market – Currently, there are 3.3 million EVs on our nation’s roads, without contributing a single cent to the HTF. EVs are predicted to make up nearly [100% of the vehicle market by 2040](#).
- Vehicle Miles Traveled (VMT): Congress could pursue a VMT based user fee, that would charge road users at fee, based on their annual miles driven. Currently, FHWA is conducting a pilot study that was authorized during IIJA. Several states have implemented VMT based user fee pilot programs over the last two decades, including Oregon and Virginia to name a few, with both states reporting promising data for sustainable user-fee generation.
- Registration-based fee: Congress could capture a gross vehicle weight-based registration fee, like how most states already collect vehicle registration fees, which can be captured via state agencies and sent to Treasury for HTF distribution.

### NAPA’s HTF priorities

- Find a user-based fee(s) that produces enough revenue to provide the HTF \$70 billion per year – NAPA supports any, and all, potential user-fee solutions that help ensure HTF financial solvency; including gas tax increases, VMTs, capturing EV market, Public-Private Partnerships (P3s), vehicle weight registration fees, etc.
- Maintain the 90/10 formula funding for states – empowering states with the flexibility to allocate federal funds. State and local governments are best suited to make decisions and prioritize the use of funding in their backyards.
- Maintain the [80/20 highways and transit split](#) that was established in the 1980’s – roadway investments are as critical as ever and we cannot afford to divert any more funds away from critical surface transportation network projects.
- The HTF needs a source(s) that is reliable, stable and keeps up with inflation; COVID illustrated how State DOT’s revenue needs were unmet after drivers stayed home and didn’t buy gas. State DOT’s still needed Congressional support to keep the roads operational and maintain our critical supply chains.

**NAPA Contacts:** For more information, please contact NAPA’s Vice President of Government Affairs, [Nile Elam](#) or Director of Government Affairs, [Mitch Baldwin](#) regarding these critical issues and NAPA presence in your communities