



The Road to Sustainable Highway Spending

The current legislation authorizing highway and mass transit spending is scheduled to expire at the end of May. Only a few months later, the Highway Trust Fund will run out of reserves. Extending the life of the trust fund through the end of the year will require \$11 billion, and extending it for a decade will require nearly \$175 billion.

Some have suggested using revenue from business tax reform to close a portion of this \$175 billion gap. While this would be a sensible solution, tax reform will not pass before the current highway bill expires, and there is a risk it will not pass at all this year.

The Road to Sustainable Highway Spending would encourage the passage of tax reform while also ensuring the Highway Trust Fund remains adequately funded regardless of tax reform’s fate. Specifically, the plan calls for a one-time payment to finance the trust fund’s “legacy costs” from projects authorized before 2015. It schedules a gas tax increase in one year if tax reform fails, extends current highway funding for

two years, and limits future highway spending to income to ensure the fund remains in balance. It also establishes a “fast lane” process for tax reform so policymakers can identify savings to replace all or some of the gas tax increase, provide for additional highway spending, or both. *The Road to Sustainable Highway Spending* would ensure the Highway Trust Fund remains solvent while giving policymakers flexibility to decide the level of highway spending and how it would be paid for.

The Road to Sustainable Highway Spending

Proposal	Savings
Cut Spending to Pay Legacy Costs	\$25 b
Schedule a 9-Cent Gas Tax Increase	\$100 b
Limit Highway Spending to Revenue	\$50 b
Create “Fast Lane” for Tax Reform	n/a
Improvement in Highway Trust Fund	\$175 b

Savings represent totals from FY2015-FY2025.

Get the Trust Fund Up To Speed – \$25 billion

The Road to Sustainable Highway Spending would provide a \$25 billion general revenue transfer to fully pay for the “legacy costs” of highway commitments made before 2015. It would offset the transfer over ten years by:

- Reducing agricultural subsidies – \$15 billion
- Extending the mandatory sequester and existing mandatory airline fees through 2025 – \$10 billion

Bridge the Financing Gap – \$150 billion

The Road to Sustainable Highway Spending would bring dedicated revenue and highway spending more closely in line. Specifically, it would:

- Extend the current highway bill for two years at current levels
- As a default, increase the gas tax by 9 cents per gallon beginning after one year – \$100 billion
- Require that future Congresses live within their means by freezing spending for two years, then limiting annual contract authority to prior year revenue and interest collections – \$50 billion

Create a Fast Lane to Tax and Transportation Reform

The Road to Sustainable Highway Spending creates a special process to help Congress identify alternative sources of transportation financing before the gas tax increase takes effect. Specifically, it would:

- Establish a “fast lane” process for tax reform that raises revenue for the Highway Trust Fund
- Allow tax reform to generate savings from any source in order to replace the scheduled gas tax hike, increase highway spending, or both
- Prohibit new revenue devoted to the trust fund from being doubled-counted for other purposes