# Mileage-Based User Fees

The way we fund highway and road projects is not keeping pace with need. Last raised in 1993, the federal gas tax has decreased in value by half due to inflation. At the same time, passenger car fuel efficiency has increased by 75%. Combined with the impact of electric vehicles, fuel taxes are rapidly declining. In fact, the Highway Trust Fund has required $275 billion in general taxpayer funds since 2008 and will be depleted by 2026. Finding a way to charge highway users for their full share of road and bridge upkeep is key to fixing our infrastructure problem.

### In Brief

By 2034, the gas tax will raise less than half the expenditures of the Highway Trust Fund. Congress should restore certainty and equity to infrastructure funding by transitioning the gas tax to a mileage-based user fee, prioritizing implementation in commercial trucking.

## Background

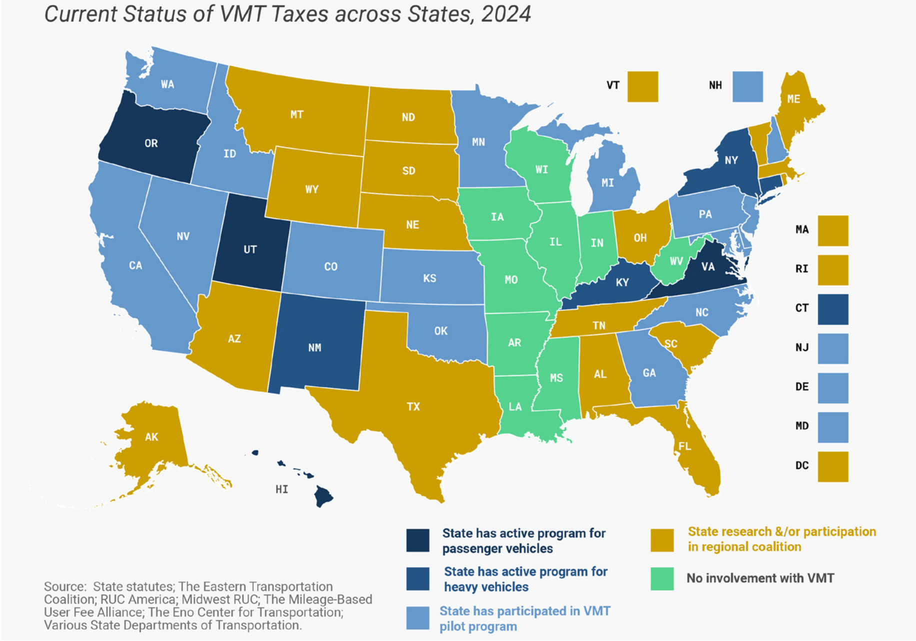
A mileage-based user fee system, or vehicle miles traveled (VMT) tax, is a more sustainable funding model that accounts for changing fuel prices and electric vehicles (EVs). Such a formula would "lead to more equitable and efficient use of roadways by charging drivers based on their actual road use and by providing pricing incentives to reduce road use," according to the Government Accountability Office. A VMT fee could also correct the underpayment of large commercial trucks, which today only pay for 80% of the damage they cause to roadways.

VMT fees have gained bipartisan traction steadily since the early 2000s, with research and pilot programs having been conducted in 41 states and DC. The Bipartisan Infrastructure Law (BIL) more recently directed two studies aimed at fair payment. One is the first Highway Cost Allocation Study since 1997, which will help Congress examine the direct costs of highway use for different users. The other program ordered by BIL is a national VMT pilot for testing the design, acceptance, implementation, and sustainability of such a model.

## Why It Matters

U.S. roads received a "D" grade in the most recent American Society of Civil Engineers Infrastructure Report Card and nearly half of U.S. bridges are either structurally deficient or over 50 years old. Poor infrastructure hurts the economy and increases costs for everyday drivers. What's more, the effective subsidization of commercial trucking distorts the marketplace, diverting freight away from rail and compounding infrastructure stress.

*Current Status of VMT Taxes across States, 2024*




Map courtesy of the Tax Foundation, May 2024.

For their part, freight railroads fund the nationwide rail network through private spending, reinvesting about 40 cents of every revenue dollar—i.e. a user-pay model.

Freight rail investments have totaled $25 billion annually in recent years, which is more than most state departments of transportation spend on highways. Following this example, a modernized user-pay model for roadway infrastructure would benefit our lagging roads and bridges.