Our nation’s transportation system is vital to driving growth, connecting commerce and trade and ensuring the public’s safety. This summer, the federal Highway Trust Fund (HTF) will run out of money to pay for transportation projects, which could imperil approximately 660,000 jobs next year and create a $160 billion hole in state transportation budgets over the next decade at a time when they can least afford it.

We are left with three options:

1) We can repair our crumbling roads and pay for it today.
2) We can borrow more money on the backs of future generations.
3) We can stop road projects across the country.

Our proposal would be to create a long-term, stable funding mechanism for our nation’s critical highway and transit projects while providing an equivalent amount of tax relief for American families and businesses.

Long-Term Funding for the Highway Trust Fund

In the last few years, Congress has allowed the HTF to become one of the largest budgeting failures in the federal government. Spending from the trust fund has far outpaced revenues in recent years, taking us away from our traditional user fee, pay-as-you-go transportation funding model.

Instead of enacting a permanent solution to this problem, Congress has transferred more than $50 billion of general fund dollars into the fund, raising the deficit and leaving future generations to pay for the transportation improvements we are making today. Spending from the HTF is now projected to outpace revenues by over $160 billion in the next decade.

Solving the Problem

To solve this problem, we propose:

- Increasing the federal gasoline and diesel taxes by six cents in each of the next two years for a total of 12 cents. This provides enough funding to offset current MAP-21 spending levels over the next 10 years and replaces all of the buying power the federal gas tax has lost since it was last raised in 1993.

- Indexing the gas tax to inflation, using the Consumer Price Index (CPI), to ensure that it remains viable into the future.

- To offset the revenue raised from increasing the gas tax to pay for our roads and transportation projects, we should look at ways to provide net tax relief for American families and businesses. Tax relief could include:
  
  - Permanently extending some of the tax provisions in the “tax extender” bill that already have broad, bipartisan support. This could create an estimated $190 billion in permanent tax relief for American families and businesses over the next 10 years alone.
  
  - OR another bipartisan proposal to reduce taxes by at least the amount of revenue raised from the gas tax over the next decade.