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**Before the Committee on  
Environment and Public Works  
United States Senate**

**August 18, 1982**

Mr. Chairman, I am pleased to appear before your Committee to discuss the financing of the nation's highway system. My remarks this morning will cover three topics:

- o The extent of the nation's highway problems and the degree to which they are addressed by the bills currently being considered by the Senate and the House;
- o The outlook for the Highway Trust Fund; and
- o Some of the implications of the Department of Transportation's recently completed highway cost allocation study.

### THE NEED FOR HIGHWAY FUNDING

Keeping existing roads and bridges in repair is the nation's major highway problem. A second problem is the completion of the Interstate Highway System. Since both require more resources than are currently available through the Highway Trust Fund, the Congress faces a choice between two quite different long-term solutions: a much larger federal highway program financed by an increase in federal highway taxes or a major shift in responsibility and tax burden to the states.

### Background

Most federal highway aid is allocated to four sets of roads that comprise the Federal-Aid System--the Interstate, Primary, Secondary, and Urban systems (see Table 1). These roads carry 80 percent of the nation's highway traffic.

For fiscal year 1982, federal highway authorizations total about \$9 billion. Approximately \$6 billion of this is for the Interstate and Primary Systems--\$3.2 billion for Interstate construction, \$800 million for Interstate repair, with the balance for repairing the Primary System and bridges on both systems. Of the remaining amount, \$1.2 billion is allocated to repairing Urban and Secondary roads and \$1.8 billion to a host of miscellaneous programs, including safety grants.

In addition, state and local governments fund most of the roads off the Federal-Aid System and all of the routine maintenance--pothole filling and grass mowing, for example. As a result, states paid for about half of the total national expenditures of \$34 billion for roads in 1980. The federal government accounted for a quarter of this total, and cities and counties for the rest.

### Repair

Roads and bridges do not last forever. The typical new road is designed for 20 years of normal traffic, while a 50-year life is expected for most bridges. Large parts of the Federal-Aid System are reaching their normal life expectancy. By 1990, 75 percent of the Interstate System will be over 20 years old and most other parts of the Federal-Aid System have already passed this mark. Also by 1990, 30 percent of the bridges on the Federal-Aid System will be 50 years or older. Indeed, 10 percent of these bridges have already been identified as structurally deficient. Thus repair and

rehabilitation work for both roads and bridges is becoming increasingly crucial.

Estimates of the amount of repair needed are necessarily imprecise. It appears, however, that federal expenditures averaging \$8.4 billion per year will be needed to repair poor roads on the Interstate system and to prevent further deterioration of other parts of the Federal-Aid System. These repair costs include:

- o Around \$2.9 billion per year for Interstate routes;
- o Perhaps \$2.6 billion annually for Primary routes;
- o Roughly \$1.0 billion and \$0.6 billion for Secondary and Urban roads, respectively; and
- o About \$1.3 billion a year for structurally deficient bridges on the entire Federal-Aid System.

#### Interstate Completion

In addition to repairing existing Interstate routes, substantial funding is required for two types of new construction: building planned routes that are not yet open to traffic and reconstruction of routes that are currently in use. It is also important to distinguish between those unbuilt routes that form integral parts of an interconnected, national road system and those that serve predominantly local traffic. This results in three groups of federal costs for new construction on the Interstate system:

- o About \$2.2 billion per year is needed to complete unbuilt routes that are essential to an interconnected, national network;
- o If unbuilt routes of predominantly local importance are also built, \$2.9 billion more per year would be required, raising the total cost of Interstate completion to \$5.1 billion per year; and
- o Around \$1.1 to \$1.9 billion per year is required for "reconstruction" projects, many of which represent relatively low-priority projects that have been eliminated from the planned national system. Nevertheless, many of these are locally important projects, such as widening of congested urban routes, and many states are relying on continued federal support for them.

In short, current authorizations of \$3.2 billion per year fall far short of paying for these three sets of costs, which together come to around \$6 billion annually. This total cost could be reduced by eliminating some of the aid to reconstruction or to unbuilt routes of local importance. Even so, drastic changes would be needed to bring the total cost of new construction within current authorizations.

Under current practices, the federal share of the needs I have just outlined for the Interstate and other systems would total \$14.6 billion a year, more than 60 percent over the \$9 billion authorized for 1982. Of this sum, the highest federal priorities appear to be \$2.9 billion for repair of the Interstate, \$2.2 billion for completion of the most important gaps in the Interstate, \$2.6 billion for Primary route repairs, and \$1.3 billion for bridges repairs. It should be emphasized that any assessment of future highway needs is very uncertain, both because of the inherent risks of long-term forecasts and because estimates of needs partly reflect the expectation of client agencies. The fact remains, nonetheless, that sizable increases in

federal highway financing appear to be required if these needs are to be met with federal resources.

### Current Highway Bills

The Congress has two highway bills before it--one reported by this Committee and one reported by the House Public Works Committee. (See Table 2 for average annual authorizations.)

House Bill. Earlier this year, the House Committee on Public Works reported a bill (H. R. 6211) that would increase highway authorizations by about 50 percent, to an annual average of \$13.5 billion for fiscal years 1982 through 1986, roughly in line with funding the needs identified previously. The House is currently working on a one-year substitute bill (H. R. 6965) that will be offered after the August recess as a stopgap measure. My comments this morning refer to the earlier bill, which is the latest official House action. By far the biggest proposed increase in the House bill is for Interstate repair and reconstruction--authorizations would average more than three times the current \$800 million level. Since the two categories are combined into one in the House bill, however, repair--which is a high priority need--would compete for funds with low-priority reconstruction. Thus, nationally important repairs could be deferred while locally important projects, such as road widening, took precedence. Interstate completion, the Primary System, and bridge replacement receive the next largest

increases in funding, generally reflecting the priorities that I discussed earlier.

Senate Bill. The Senate bill (S. 2574) authorizes an average of \$9.7 billion annually for the next four fiscal years. Funds for Interstate repair and reconstruction are doubled from \$800 million in 1982 to \$1.6 billion in 1983. Bridge replacement--which is another priority need--receives only a modest increase, and none are made for the Primary System, in which needs appear to outstrip current authorizations substantially. As in the House bill, high priority repair and low priority reconstruction would compete for funds. Authorizations for other programs are essentially unchanged. If current federal responsibilities continue, the authorizations contained in the Senate bill appear inadequate to meet the nation's long-term highway needs.

#### OUTLOOK FOR THE HIGHWAY TRUST FUND

Highway users finance the federal highway program through a series of excise taxes paid into the Highway Trust Fund. This approach is based on the principle that those who use the nation's highway system should support its construction and repair, not the general taxpayer. The Highway Trust Fund is scheduled to expire at the end of fiscal year 1984, and if the Congress does not extend it before the end of this fiscal year, it will not have sufficient resources to support current program levels through 1983.

The trust fund is financed by 10 separate taxes (see Table 3). The most important of these is the 4 cent per gallon tax on motor fuels that raises \$4.4 billion a year, or two-thirds of total tax receipts. Next in importance is the 10 percent tax on truck sales which generates almost \$800 million a year.

In recent years the cost of building and repairing highways has risen much more rapidly than have the available funds. While highway construction costs grew by an average of 10 percent annually during the 1970s, receipts from federal highway user taxes grew by only about 2 percent a year as high fuel prices and improved vehicular fuel economy reduced the tax base. This trend will continue, with Highway Trust Fund receipts projected to grow about 1.3 percent a year over the next five years--again, substantially less than inflation. Including interest, if current taxes are extended, the Highway Trust Fund will generate an average of about \$8.1 billion annually during the next five years (see Table 4).

#### Financing Highway Options

If enacted as long-run policies, both the House and Senate bills would require increases in highway user fees. In the short-run, however, the amount of such increases depends on the timing of costs and revenues. Authorizations can exceed trust fund receipts for a period, because there is normally a two-to-three year lag between the time funds are made available to the states and the time they become cash outlays. The trust fund already



reflects spending in excess of receipts: although it currently has a cash balance of \$8.7 billion, unpaid authorizations exceed this amount by \$10.4 billion. In the long-run, of course, receipts must balance outlays. If this balance is not maintained in the short term, the Congress could be forced to raise taxes suddenly to pay for past programs.

House Bill. The House bill has been structured to fit with a proposal, advanced by Secretary of Transportation Drew Lewis, to increase highway taxes by an amount equal to a 5 cent per gallon tax on motor fuels. Such a proposal would generate roughly \$4.4 billion more for the trust fund plus \$1 billion a year for mass transit capital grants. This tax increase would not only adequately finance the House program, it would also reduce the federal deficit by about \$3.2 billion in 1983.

Senate Bill. The Senate bill could be financed by raising taxes \$1.5 billion per year. Alternatively, it could be financed by extending highway user taxes at their current rates, although this would reduce substantially the trust fund's current cash balance over the next four years. If the alternative was used, the Congress would face a difficult choice in fiscal year 1987: either to increase taxes substantially or to cut spending. This approach also would increase the federal deficit, mostly in 1985 and 1986.

New Federalism. Instead of increasing taxes, federal highway aid could be focused exclusively on the Interstate and Primary Systems and

their related bridges. This would return to the states responsibility for the Secondary and Urban Systems, including the bridges on those systems, and for all safety programs. Such an approach could result in authorizations slightly above those of the Senate bill while significantly increasing spending on the most important national roads. Although different in several important details, this option is similar in philosophy to the Administration's proposals for New Federalism. While this option could avert a federal tax increase, it would shift the pressure for larger highway taxes to state and local governments. They would face the choice of replacing almost \$3 billion in reduced federal aid or allowing the condition of some of the transferred routes to deteriorate.

#### IMPLICATIONS OF THE COST ALLOCATION STUDY

The Department of Transportation has recently completed a study of how highway taxes should be levied among the various groups of road users. This study represents a significant improvement over previous studies of this sort, chiefly because it has replaced the incremental method of cost allocation with a consumption-based method. The incremental method charged trucks a disproportionately small share of their costs. The consumption-based method corrects for this shortcoming and charges each group of road users an amount proportional to the wear and tear that they cause. Because the new method assigns costs fairly, a system of user fees based upon it would encourage efficient use of the transportation network. We believe this study provides the Congress with a sound basis for making

highway tax changes. I have appended a brief technical review of the study to my prepared statement.

The highway cost allocation study shows that automobiles, pickups, and vans pay taxes roughly matching their share of federal highway costs, but that other vehicles do not (see Table 5). Single-unit trucks as a group pay almost twice their fair share, and should have a major reduction in their federal highway taxes. Combination trucks, on the other hand, currently underpay by 20 percent. Within this class of vehicle, the degree of underpayment increases rapidly with vehicle size. The heaviest trucks, those over 75,000 pounds gross vehicle weight, should pay almost 70 percent more in taxes than they currently do. In effect, light trucks now subsidize heavy trucks. Buses are exempt from most federal taxes and pay almost nothing of their share of costs.

The Committee asked us to examine three tax alternatives (see Table 6). Alternatives I and III are based, in large part, on the results of the cost allocation study. They are quite similar in their expected effects and I will discuss them together, after commenting briefly on Alternative II.

The second tax proposal would raise \$10.3 billion, roughly in line with the authorizations proposed by this Committee. Although this tax schedule would double the use tax for heavy vehicles to \$6 per thousand pounds, almost all of the \$3 billion in added revenues would be raised by a 3 cent per

gallon increase in the motor fuel tax. Because of its reliance on the fuel tax rather than a fairer distribution of use charges, Alternative II would compound current tax inequities. Auto taxes would increase 51 percent, while those paid by combination trucks would rise only 32 percent. As a result, combination trucks would pay only 75 percent of their costs, compared to the 80 percent that they currently pay.

Tax options I and III would raise \$12.7 billion a year--an additional \$4.4 billion for highways plus \$1 billion for mass transit. The first option would double the fuel tax to 8 cents per gallon, increase the taxes on both truck parts and sales to 12 percent from their current 8 percent and 10 percent, respectively, and institute a graduated version of the heavy vehicle use tax. Alternative III has a higher diesel tax (13 cents per gallon versus 9 cents for gasoline) and relies on a graduated heavy vehicle tax that varies with axle weight rather than gross vehicle weight.

Either Alternatives I or III would improve the efficiency of the nation's transportation system and make the distribution of charges more equitable. Further improvements in the heavy vehicle use tax are possible, however, since under Alternatives I and III large combination trucks would continue to underpay by 16 percent or more while single-unit trucks would overpay by 13 percent (see Table 6). The greatest efficiency and equity gains could be achieved by charging each group of users its full share of costs. This would mean doubling the taxes paid by combination trucks to an average of \$2,850

per vehicle annually (see Table 5). If charged all of their costs, the heaviest combination vehicles should pay around \$5,000 per year, compared to the approximately \$3,800 per year that they would pay under Alternatives I and III.

Both alternatives depend upon substantial increases in the heavy vehicle use tax, largely because there are few other options for raising truck taxes. For example, while all trucks over 26,000 pounds now pay the same \$3 per thousand pounds, Alternative I would increase the tax paid by combination vehicles over 75,000 pounds to \$22 per thousand pounds, an increase of \$1,500. While the tax increases for the heaviest vehicles are large under Alternatives I and III, the likely impact on truck operations should be quite modest. Total trucking costs, including the costs of the driver and distribution costs, are likely to rise by between 1.4 and 1.8 percent. Cost increases for other vehicle classes would be less. There is considerable variability in these numbers, however, and some vehicles may experience higher percentage increases, particularly if they are driven relatively few miles.

## CONCLUSION

The nation's highway system has been neglected and needs additional work to repair existing roads and to complete the Interstate System. The only long-term solutions available to the Congress appear to be a larger highway program along with increased highway taxes or a major shift in

responsibility and tax burden to the states. If highway taxes are raised, the recently completed cost allocation study represents a sound basis for determining an equitable and efficient tax structure.

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APPENDIX. COMMENTS ON THE DEPARTMENT OF TRANSPORTATION  
STUDY OF HIGHWAY COST ALLOCATION

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Much of the debate about who should pay for roads centers on two methods of highway cost allocation. The first, called the incremental method which was used in previous studies, assigns a disproportionately small share of the cost to trucks. The second, called the consumption method, has been applied by the Department of Transportation (DOT) in its recent study, and it appears to correct the failings of the incremental method.

The new federal cost-allocation study, like others before it, bases many of its findings on engineering relationships developed by an extensive road test conducted by the American Association of State Highway Officials between 1958 and 1960. This test found that heavy vehicles cause far more pavement wear than do light ones. For example, one combination truck loaded to the current federal weight limits causes about the same pavement wear as 9,000 cars. Accordingly, as the nation's highway programs devote more of their resources to the repair of worn-out roads, the relative wear caused by different types of vehicles should figure heavily in the analysis of cost allocation.

By treating trucks differently from cars rather than reflecting the relative wear caused by different vehicles, the incremental method assigns too large a share of costs to cars. This occurs because it ignores some significant economies of scale that should enter the calculation. For example, building a pavement 11 inches deep instead of 10 inches deep nearly doubles its expected life, measured in terms of the number of loads it can carry. Even though trucks using this pavement might cause more than half of all pavement wear, the incremental method would assign them only about one-eleventh of the cost--the approximate share of cost associated with adding the 11th inch. The situation is analagous to a 1-cent sale on aspirin in which, after paying the full price for the first bottle, a second may be purchased for only 1 cent more. Rather than allocating costs based on the number of "aspirin" each user consumes, the incremental approach effectively assigns the costs of the first, full-price, bottle to cars and that of the second, reduced-price, bottle to trucks. While the distortion caused by the incremental method is not as large as this, trucks nonetheless receive preferential treatment under this approach. Accordingly, both the CBO in our technical guidelines for the study and the DOT in the final study rejected the incremental approach.

Pavement costs are only one aspect of total highway costs, and the recent DOT study is significantly improved over previous studies in several other areas as well. It incorporates a more sophisticated treatment of bridge reconstruction, and it is better in assigning grading costs.



Although the DOT study has deviated from the CBO guidelines in several areas, such changes generally reflect technical refinements in keeping with the spirit of the cost-responsibility approach outlined by the Congress in the Surface Transportation Assistance Act of 1978. For example, pavement wear has been divided into several different categories, with each allocated according to slightly different formulas based on more detailed engineering practices. Some other changes represent differences in technical judgments. For example, while the study assigns all wear-related pavement costs according to the wear caused by each vehicle type, it does fail to include certain of these costs in the pool of costs thus assigned. This is chiefly an issue for new pavements, where an unnecessarily large portion of the cost has been treated as a common responsibility of all road users.

Overall, however, the DOT study is a sound one that has removed the greatest failings apparent in previous studies. We believe that it is as reliable a yardstick as the Congress is likely to obtain for measuring the costs of each highway user group.

**TABLE 1. MAJOR COMPONENTS OF THE NATION'S HIGHWAY SYSTEM**

Component	Route Miles	Percent of Total Vehicle-Miles	Percent of Capital Spending Provided by Federal Government <u>a/</u>	Percent in Poor Condition	Percent in Fair Condition
<b>Federal-Aid Highway System</b>					
Interstate	41,216	19.0	91 <u>b/</u>	7.0	29.0
Primary <u>c/</u>	259,240	29.5	70	6.0	52.0
Secondary	398,108	8.7	25	9.0	66.0
Urban	124,115	21.9	20	8.0	59.0
Bridges	<u>259,950</u> <u>d/</u>	<u>e/</u>	<u>70</u>	<u>10.5</u>	<u>15.5</u> <u>f/</u>
Subtotal Federal-Aid <u>g/</u>	822,679	79.1	50	7.9 <u>g/</u>	58.7 <u>g/</u>
<b>Non-Federal-Aid System</b>					
Roads	3,034,179	20.9	<u>e/</u>	<u>e/</u>	<u>e/</u>
Bridges	<u>313,700</u> <u>d/</u>	<u>e/</u>	<u>e/</u>	<u>33.4</u>	<u>27.4</u>
Subtotal Non-Federal Aid	3,034,179	20.9	<u>e/</u>	<u>e/</u>	<u>e/</u>
<b>Total Roads</b>	<b>3,856,858</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**SOURCE:** Federal Highway Administration Highway Statistics for 1980; and The Status of the Nation's Highways: Conditions and Performance, January 1981.

- a. U. S. Department of Transportation, Final Report on the Federal Highway Cost Allocation Study (May 1982), p. iv-14. These estimates exclude maintenance.
- b. Federal aid also accounts for about 90 percent of 3R (repair, resurfacing, and rehabilitation) work on the Interstate, up from 50 percent in earlier years.
- c. Excludes Interstate mileage.
- d. Number of bridges.
- e. Not available.
- f. These bridges have an adequate structural condition but either do not have sufficient capacity for existing traffic or do not meet current design standards.
- g. Excludes bridges.

**TABLE 2. COMPARISON OF MAJOR NATIONAL HIGHWAY NEEDS WITH HIGHWAY AUTHORIZATION OPTIONS**

Area of Need	Effective Federal Share of Spending (In percent) <u>a/</u>	Average Annual Authorizations 1983-1986 (In billions of dollars)			
		Federal Share of Estimated Needs	New Federalism Option <u>b/</u>	Senate Bill	House Bill
Complete Interstate System by 1990	90	5.1 <u>c/</u>	2.2 <u>c/</u>	3.4	4.0
Interstate Repair	90	2.9 <u>c/</u>	2.9 <u>c/</u>	1.6	2.6
Interstate Reconstruction	25 <u>d/</u>	1.1 <u>c/</u>	1.9 <u>c/</u>		
Primary	70	2.6 <u>e/</u>	2.6 <u>e/</u>	1.6	2.2
Bridge Repair	70	1.3 <u>f/</u>	0.6 <u>f/</u>	1.2	1.7
Secondary	25	1.0 <u>e/</u>	0.0	0.5	0.6
Urban	20	0.6 <u>e/</u>	0.0	0.7	0.8
Other <u>g/</u>	<u>h/</u>	<u>h/</u>	<u>0.0</u>	<u>0.7</u>	<u>1.5</u>
Total		14.6	10.2	9.7	13.4

a. Department of Transportation, Final Report on the Federal Highway Cost Allocation Study (May 1982), p. IV-14. These represent federal share of highway spending after accounting for state-only projects.

b. Assumes turnback to states of all non-Interstate and non-Primary roads and non-Primary bridges.

c. Congressional Budget Office, The Interstate Highway System: Issues and Options, a CBO Study (June 1982).

d. Congressional Budget Office assumption.

e. Federal Highway Administration, The Status of the Nation's Highways: Conditions and Performance, January 1981, Table 5-1, p. 154 with adjustments by the Congressional Budget Office to reflect inflation and changes in the effective federal share. Assumes a 15-year program with future adjustments for inflation.

f. Federal Highway Administration, Highway Bridge Replacement and Rehabilitation Program, Third Annual Report to the Congress, (March 1982). Assumes a 15-year program with future adjustments for inflation and is restricted to the Federal-Aid System for the needs estimate and the Interstate and Primary for New Federalism.

g. Includes Interstate transfer grants for highways, safety grants, recreational roads and roads off the Federal-Aid System.

h. Not available.

**TABLE 3. CURRENT HIGHWAY EXCISE TAXES AND ANTICIPATED RECEIPTS TO THE HIGHWAY TRUST FUND**

Tax	Current Rate <u>a/</u>	Net Projected Revenue for 1982 (In millions of dollars) <u>b/</u>	Percent of Total Tax Receipts
<b>Motor Fuels</b>			
Gasoline	4 cents per gallon	3,969	60.1
Diesel	4 cents per gallon	597	9.0
Special motor fuels	4 cents per gallon	<u>c/</u>	<u>c/</u>
<b>Total, Motor Fuels</b>		<b>4,566</b>	<b>69.1</b>
<b>Rubber</b>			
Tires	10 cents per pound	617	9.3
Tubes	10 cents per pound	25	0.4
Retreads	5 cents per pound	25	0.4
<b>New Trucks and Trailers (Over 10,000 pounds gross weight)</b>	10 percent of manufacturer's wholesale price	771	11.7
<b>Annual Heavy Vehicle Use Tax</b>	\$3 per 1,000 pounds when gross weight exceeds 26,000 pounds	289	4.4
<b>Motor Vehicle Parts and Accessories</b>	8 percent of manufacturer's wholesale price	231	3.5
<b>Lubrication Oil (For highway use)</b>	6 cents per gallon	<u>80</u>	<u>1.2</u>
<b>Total</b>		<b>6,604</b>	<b>100.0</b>

a. Most of these rates will drop as of October 1, 1984 unless the Congress extends them. For example, the motor fuels tax will drop to 1.5 cents per gallon, the new truck and trailer sales tax to 5 percent, and the heavy vehicle use tax will expire.

b. Office of Tax Analysis, Department of Treasury, July 19, 1982.

c. Included with diesel.

**TABLE 4. TREASURY FORECAST OF HIGHWAY TRUST FUND TAX RECEIPTS (By fiscal year, in millions of dollars)**

<b>Tax</b>	<b>1980</b>	<b>1983</b>	<b>1984</b>	<b>1985</b>	<b>1986</b>	<b>1987</b>	<b>Annual Growth Rate 1980-1987 <u>a/</u></b>
<b>Gasoline (Net)</b>	<b>3,898</b>	<b>3,823</b>	<b>3,762</b>	<b>3,713</b>	<b>3,647</b>	<b>3,669</b>	<b>(0.9)</b>
<b>Diesel</b>	<b><u>523</u></b>	<b><u>608</u></b>	<b><u>645</u></b>	<b><u>681</u></b>	<b><u>719</u></b>	<b><u>758</u></b>	<b><u>5.4</u></b>
<b>Total Motor Fuel</b>	<b>4,421</b>	<b>4,431</b>	<b>4,407</b>	<b>4,394</b>	<b>4,366</b>	<b>4,427</b>	<b>0.0</b>
<b>Truck Sales</b>	<b>912</b>	<b>1,055</b>	<b>1,395</b>	<b>1,487</b>	<b>1,684</b>	<b>1,795</b>	<b>10.2</b>
<b>Truck Parts</b>	<b>253</b>	<b>277</b>	<b>301</b>	<b>322</b>	<b>344</b>	<b>367</b>	<b>5.5</b>
<b>Heavy Vehicle Use Tax</b>	<b>277</b>	<b>268</b>	<b>273</b>	<b>278</b>	<b>282</b>	<b>286</b>	<b>0.5</b>
<b>Tires, Tubes, and Tread Rubber</b>	<b>680</b>	<b>670</b>	<b>673</b>	<b>680</b>	<b>682</b>	<b>698</b>	<b>0.4</b>
<b>Lubricating Oil (Net)</b>	<b><u>77</u></b>	<b><u>80</u></b>	<b><u>80</u></b>	<b><u>80</u></b>	<b><u>80</u></b>	<b><u>80</u></b>	<b><u>0.5</u></b>
<b>Total Excise Taxes</b>	<b>6,620</b>	<b>6,781</b>	<b>7,129</b>	<b>7,241</b>	<b>7,438</b>	<b>7,653</b>	<b>2.1</b>
<b>Interest on Cash Balance <u>b/</u></b>	<b><u>1,027</u></b>	<b><u>1,040</u></b>	<b><u>950</u></b>	<b><u>880</u></b>	<b><u>780</u></b>	<b><u>740</u></b>	<b><u>(4.6)</u></b>
<b>Total Highway Trust Fund</b>	<b>7,647</b>	<b>7,821</b>	<b>8,079</b>	<b>8,121</b>	<b>8,218</b>	<b>8,393</b>	<b>1.3</b>

**SOURCE:** Office of Tax Analysis, Office of the Secretary of the Treasury, July 19, 1982.

- a. The year 1980 is used as a base since the recession has distorted receipts for 1981 and 1982, particularly in truck sales.
- b. Estimate by Congressional Budget Office assuming no change in the cash balance in the fund and using CBO's forecast of interest rates.

**TABLE 5. SUMMARY OF RESULTS FROM DOTs HIGHWAY COST ALLOCATION STUDY (In dollars per vehicle for 1985)**

Vehicle Class	Current Highway Program Payments <u>a/</u>	Current Program Costs	Change in Taxes for Equitable Allocation <u>a/</u>	Change in Taxes to Generate Additional \$4.4 billion	Resulting Payments for \$11.7 billion in Revenues
Automobiles	25	26	1	16	42
Buses	6	191	185	115	306
Pickups and Vans	40	37	-3	22	59
Single-Unit Trucks	253	128	-125	77	205
Combination Trucks Over 75,000 pounds	1,411	1,778	367	1,072	2,850
	1,819	3,101	1,282	1,869	4,970
All Vehicles	46	46	0	28	74

**NOTE:** Estimates based on program mix assumed by DOT's cost allocation study. A shift in effort towards more reconstruction or away from local roads, as proposed by H. R. 6211 and by S. 2574, would probably increase the cost responsibility of combination trucks relative to lighter vehicles.

a. Total revenues estimated at \$7.3 billion.

TABLE 6. COMPARISON OF TAX ALTERNATIVES PRESENTED BY SENATE PUBLIC WORKS COMMITTEE

Vehicle Class	Current Highway Program		Alternative 1		Alternative 2		Alternative 3	
	Tax Payment (In dollars per vehicle)	Ratio of Payments to Costs	Tax Payment (In dollars per vehicle)	Ratio of Payments to Costs	Tax Payment (In dollars per vehicle)	Ratio of Payments to Costs	Tax Payment (In dollars per vehicle)	Ratio of Payments to Costs
Automobiles	25	0.97	48	1.02	38	1.04	50	1.05
Buses	6	0.04	6	0.02	10	0.04	10	0.03
Pickups and Vans	40	1.08	70	1.06	55	1.07	71	1.03
Single-Unit Trucks	253	1.99	260	1.18	333	1.86	250	1.13
Combination Trucks Over 75,000 pounds	1,411	0.80	2,744	0.94	1,870	0.75	2,642	0.90
	1,819	0.59	3,838	0.76	2,305	0.60	3,753	0.74
All Vehicles	46	1.00	80	1.00	64	1.00	80	1.00

SOURCE: Federal Highway Administration, Office of Program and Policy Planning, Transportation and Socio Economic Studies Division.