

# New Research Identifies Federal Fuel Tax Increase as Top Choice for Infrastructure Investment



The American Transportation Research Institute (ATRI) recently released its assessment of the nation's transportation investment options. The report entitled *A Framework for Infrastructure Funding* concludes that the only meaningful mechanism for attaining the administration's vision for a large-scale infrastructure program is through a federal fuel tax increase.

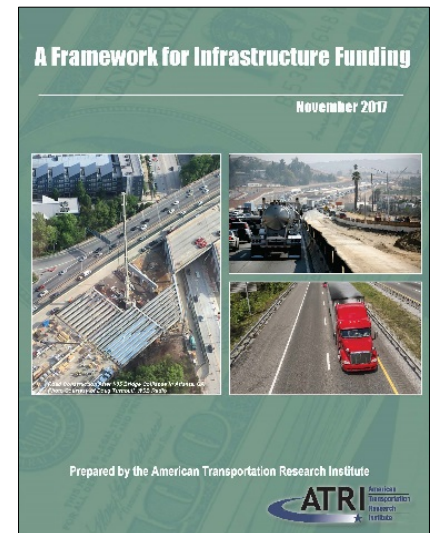
**Tolling and Mileage-Based Charges not Feasible:** The inefficiency of other mechanisms, including mileage-based charges and increased tolling, will not cover revenue needs but will place undue hardship on system users.

**States Benefit and Contribute with Federal Fuel Tax Increase:** A federal fuel tax increase will incentivize states to generate multi-million dollar matches to the new federal funds.

**Continuing to Do Nothing is far more Costly than a Fuel Tax Increase:** The report further documents the consequences of continuing with the "do-nothing" option. The federal fuel tax has not been raised in more than two decades, resulting in significant costs to system users, particularly the trucking industry. The trucking industry contributes more than \$18 billion in federal user fees each year, but growing traffic congestion and freight bottlenecks now cost the industry more than \$63 billion annually.

## Other key findings and recommendations:

- **Federal Registration Fee Needed for Electric Vehicles.** A newly created federal vehicle registration fee would be the most efficient mechanism to fill funding gaps associated with electric vehicle use. These fees could be seamlessly implemented using the same systems as those successfully used to collect state registration fees.
- **Mileage-Based Charging would be the new IRS.** A bureaucracy as large as the IRS would be required to collect, manage and enforce a national vehicle miles traveled (VMT) tax (i.e. mileage-based charging) on the more than 250 million vehicles registered in the U.S.
- **Tolling is Expensive/Excludes most of the Transportation System.** The practice of road tolling continues to be an expensive proposition for collecting highway funds. While several toll systems slightly improved their administrative efficiency, the majority of toll systems spend more than ten cents of every dollar collected on administrative activities. Many systems are losing money, and almost all privatized toll roads in the U.S. have filed bankruptcy.
- **Substantial Employment Gains with Federal Fuel Tax.** In terms of secondary benefits from a fuel tax focus, ATRI's findings suggest that every U.S. state would experience significant employment gains as a result of a 10 or 20 cent federal fuel tax increase. In total, states would receive between \$15 billion and \$30 billion or more annually through a federal fuel tax increase; nearly half a million jobs could be created nationwide with a 20 cent federal fuel tax increase.
- **Public Supports Fuel Tax over Other Options.** According to the literature and public polling data, American taxpayers prefer a federal fuel tax over other funding mechanisms when the revenue is dedicated to transportation infrastructure.



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## ABOUT ATRI

The American Transportation Research Institute has been engaged in critical transportation studies and operational tests since 1954.

ATRI, a member of the American Trucking Associations Federation, is a 501(c)(3) not-for-profit research organization headquartered in Arlington, Virginia, with offices in Atlanta, Minneapolis, Sacramento, and New York.

ATRI's primary mission is to conduct transportation research with an emphasis on the trucking industry's essential role in a safe, efficient, and viable transportation system.



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Request the full report online at [TruckingResearch.org](http://TruckingResearch.org) or contact ATRI at [ATRI@trucking.org](mailto:ATRI@trucking.org) for more information. The American Transportation Research Institute (ATRI) is the trucking industry's 501(c)3 not-for-profit research organization.