

Out of Gas: The Highway Trust Fund

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The federal Highway Trust Fund is running on empty, despite \$34 billion in annual revenues from taxes on gasoline, diesel and other fuels dedicated to pay for the Interstate Highway System and other transportation projects.



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Executive Summary

Due to inflation, the diversion of funds to nonhighway programs and poor government policies, the Highway Trust Fund consistently spends more than it receives in gas tax revenue, resulting in a \$1 billion deficit in 2015 alone.¹ The trust fund was intended to pay for 90 percent of the highways' costs, with states funding the other 10 percent. The Congressional Budget Office estimates the shortfall in the Highway Trust Fund will require an additional \$167 billion in revenue over the next decade to maintain existing highways and bridges.

To fill the funding gap until a more comprehensive plan is written, Congress passed a short-term extension of spending authority through October 29, 2015, and put \$8 billion in the trust fund. In the fall, Congress is expected to debate a long-term transportation bill. During this debate, Congress could consider either changing the method of funding highways, or eliminating the federal gas tax and leave the stewardship of the interstate system to the states.

The federal gas tax clearly requires major reforms to work efficiently again. Some proposed reforms include:

- Eliminating the Mass Transit Fund and all other nonhighway funding through the Department of Transportation, saving \$16 billion annually that could be used for additional highway funding.
- Raising the federal gas tax to compensate for inflation since it was last raised in 1993, and adjusting for future inflation, which would bring in 40 percent more, or \$10 billion a year.
- Repealing the Davis-Bacon Act, saving \$11 billion annually in construction costs.

The Depression-era Davis-Bacon Act, which requires private contractors to pay construction and maintenance workers on all federally funded projects the prevailing local wage, is unnecessary and significantly increases costs to the federal government by inflating construction costs and distorting local wage scales.

In 2014, Senator Mike Lee (R-Utah) and Representative Tom Graves

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(R-Ga.) introduced the Transportation Empowerment Act (TEA) to virtually eliminate the federal gasoline tax over a five-year period and devolve the responsibility of funding roads and transit to the states. The TEA would completely transform the current highway funding program. It aims to open up the transportation system to greater state control, better targeted projects, and more efficient maintenance and improvement of the nation's infrastructure. If it had passed in 2014, TEA would have reduced funding for the federal aid highway program more than 80 percent by 2019, from \$45 billion to less than \$8 billion. It would have eliminated the \$8 billion federal transit program that supplies more than 43 percent of the capital spending for state and local public transit agencies.

State gas taxes are the largest source of transportation revenue under the control of state lawmakers, accounting for roughly 30 percent of highway funding. As of 2003, 30 states restricted the use of their gas tax revenues to highways only. Other states, however, use gas tax revenues for mass transit projects, under

the assumption that highway users benefit from the congestion-reducing effects of mass transit. Twenty-four states have gone more than a decade without raising their gas tax rate, and 16 states have gone two decades or more without an increase.

Several state gas tax reforms have been proposed, including:

- Linking state gas tax rates to construction cost inflation, the general inflation rate or gas prices.
- Reforming the state gas/transportation tax and spending structure for state highways or roads only.
- Changing from an excise tax to a mileage-based tax system.

Previous failures by the federal government in its management of fuel taxes leave two major choices: to dramatically reform and amend the way highways are funded or to eliminate the federal gas tax and leave the stewardship of the interstate system to the states.

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Introduction

The federal Highway Trust Fund is running on empty, despite \$34 billion in revenues from taxes on gasoline, diesel and other fuels dedicated to pay for the Interstate Highway System and other transportation projects. Due to inflation, diversion of funds to nonhighway programs and poor government policies, the Highway Trust Fund consistently spends more than it receives. Over the past six years, Congress has passed over 30 short-term extensions of transportation funding to account for budget shortfalls. Due to the uncertainty this causes, five states — Arkansas, Georgia, Tennessee, Utah and Wyoming — have delayed or canceled major construction projects.²

Furthermore, federal authorization to spend trust fund money expired June 30, 2015. To fill the funding gap until a more comprehensive plan is written, Congress passed a short-term extension of spending authority through October 29, 2015, and put \$8 billion in the trust fund. In the fall of 2015, Congress is expected to debate a long-term transportation bill.

Rather than simply extending existing programs, there are two major alternatives Congress could consider: changing the way highways are funded, or eliminating the federal gas tax, leaving the stewardship of the interstate system to the states. The gasoline tax was originally intended to fund the construction and maintenance of public highways and bridges through the trust fund, but over the decades an increasing percentage of funds has been diverted to other uses, such as such as debt payments, repairing lighthouses and building museums.

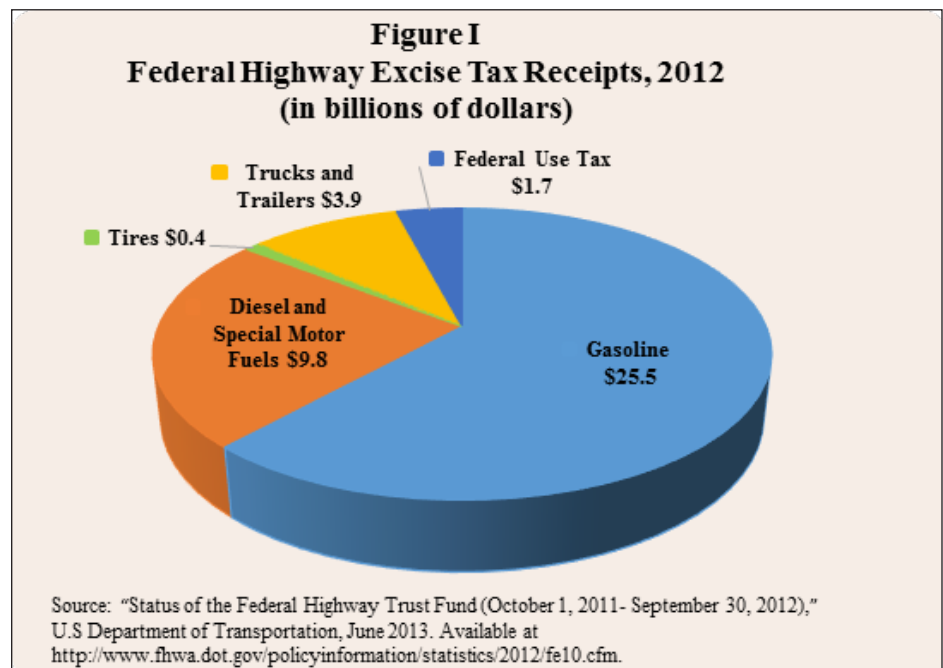
Federal and State Gas Taxes. The first federal gas tax was part of the Revenue Act of 1932, signed into law by President Herbert Hoover. Since then, the gas tax has been raised nine times and currently is 18.4 cents a gallon. As Congress debates highway funding reauthorization, many suggest it is time to raise the tax in order to fund transportation infrastructure improvements. Consider:

- Since the gas tax was last raised in 1993, its value has eroded to 11 cents due to inflation.³

- Still, inflation-adjusted receipts deposited in the Highway Trust Fund rose by close to 30 percent from 1993 to 2012.⁴
- Further, the number of miles in the entire urban and rural public road system increased only 5 percent from 1993 to 2012.

States also levy their own gas taxes. Combined state and federal gas taxes cost the average American about 48.85 cents per gallon.⁵ Federal and state governments charge similar taxes on diesel fuel, averaging 54.1 cents per gallon, and gasohol (gasoline mixed with ethanol) products.⁶

Nonhighway Uses of Funds. The original intent of the highway fund was to directly pay for highway construction and maintenance, but over the last 30 years an increasing percentage of funds has been diverted to public transit, bicycling, walking, smart growth, transportation museums, weed removal and other arguably local purposes.⁷ In 2011, for instance, 60 percent of federal fuel tax revenue went to highways and bridges, and the remainder was earmarked for specific programs, such as repairing lighthouses, paving bike paths and building museums.⁸ These programs, although valuable, are primarily state and local government responsibilities. By reducing the funding available for federal aid to highways, nonhighway construction and maintenance programs jeopardize interstate commerce. For instance, more than half of the country’s major roads are rated as poor or mediocre and about 25 percent of bridges are structurally deficient.⁹



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Federal funding provides less than 30 percent of the revenue for even the most important local and regional public transit agencies, such as the New York Metropolitan Transportation Authority.¹⁰ Funding these modes of transportation from federal aid amounts to a cross-subsidy from highway users.

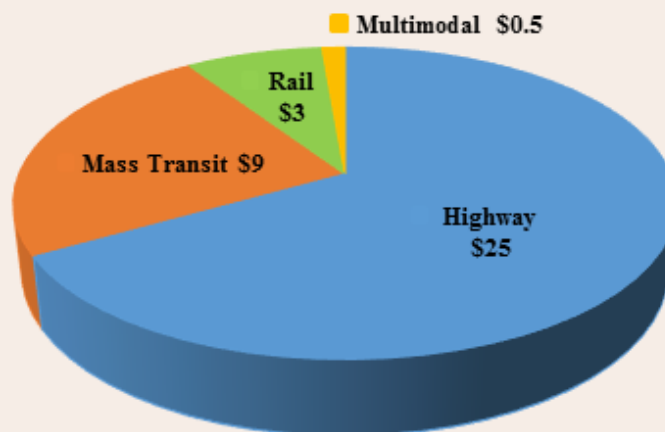
While public transit is important in many communities, it could be funded by farebox revenue and supplementary local funding, rather than federal taxes. Potential funding sources for transit include local general tax revenue and value capture — using increases in land values resulting from highway and transit projects to finance infrastructure improvements. This change would free more federal revenue to fund highways.

Highway Trust Fund

Prior to 1956, national highway projects were funded directly from the federal government's General Fund. The Highway Trust Fund was established by the Federal Aid Highway Act of 1956, also known as the National Interstate and Defense Highways Act, signed into law by President Dwight Eisenhower. The Highway Revenue Act of 1956 dedicated federal fuel taxes to fund highway construction and maintenance and also authorized \$25 billion for the construction of 41,000 miles of the Interstate Highway System over the next 10 years.¹¹ The trust fund was expected to pay for 90 percent of the highways' costs, with states funding the other 10 percent.

The Changing Structure of the Fund. The Highway Trust Fund was intended to be funded by highway users through gas tax revenues. Since 1956, however, the original tax structure of the trust fund has changed. The 1982 Surface Transportation Assistance Act (STAA) created the Mass Transit Account within the Highway Trust Fund and dedicated a portion of fuel tax revenues to the account. The STAA also raised gas and diesel taxes for the first time since 1959. Together with the 1984 Deficit Reduction Act, the two bills raised the gas tax

Figure II
Proposed Federal Transportation Spending, 2015
(in billions of dollars)



Source: "FHWA FY 2015 Budget," U.S. Department of Transportation, 2015 Available at <http://www.dot.gov/sites/dot.gov/files/docs/FHWA-FY2015-Budget-Estimates.pdf>.

from 4 cents to 9 cents per gallon.

The Omnibus Budget Reconciliation Act of 1990 increased the federal gas tax another 5 cents, to 14 cents per gallon, and diverted half of the new revenues derived from the 5 cent increase to federal deficit reduction.¹² The 1993 Omnibus Reconciliation Act again increased the gasoline tax, by 4.4 cents per gallon, and diverted the entire increase to deficit reduction.¹³ Most recently, the Taxpayer Relief Act of 1997 redirected an additional the 4.3 cent gas tax increase to the Highway Trust Fund.

Recent Changes. Signed into law on July 6, 2012, the Moving Ahead for Progress in the 21st Century Act of 2012 (MAP-21) was the first long-term highway authorization enacted since 2005, though it only provided spending authority for two years (fiscal years 2013 and 2014).¹⁴ MAP-21 was intended to increase performance-based surface transportation programs as well as fund highway, transit, bike and pedestrian programs established in 1991.¹⁵ Under MAP-21, public transit receives approximately \$11 billion per year. Additionally, there is roughly \$5 billion per year in highway funding that is flexed to transit, bicycling, walking or other nonhighway purposes. Thus, \$16 billion per year, about one-third of federal gasoline taxes, are not spent on highways.¹⁶

The Davis-Bacon Act. The Depression-era Davis-Bacon Act requires private contractors to pay construction and maintenance workers prevailing

local wages, often corresponding directly to union wage rates, on all federally funded projects, including federal interstate highways in urban areas, where union membership tends to be higher.¹⁷ According to estimates by the Beacon Hill Institute at Suffolk University, these wages average 22 percent above market rates, shielding unions from competition on federal construction projects.¹⁸ Davis-Bacon covers approximately 20 percent of all construction projects in the United States, affecting more than 25 percent of all construction workers.¹⁹

A 1979 Government Accounting Office (GAO) report suggested repealing the Davis-Bacon Act and the weekly payroll reporting requirements of the related Copeland Anti-Kickback Act. The GAO concluded that “significant changes in the nation’s economic conditions and the economic character of the construction industry since 1931, plus the passage of other wage laws, make the Davis-Bacon Act unnecessary. After nearly 50 years of administering the Davis-Bacon Act, the Department of Labor has not developed an effective system to plan, control or manage the data collection, compilation and wage determination functions.”²⁰

Not only is Davis-Bacon unnecessary, according to the GAO it also significantly increases costs for the federal government, and excessive wage determination rates inflate construction costs and distort local wage scales. Contractors still tend to pay prevailing rates when wage determinations under Davis-Bacon are lower. The GAO also recommended Congress repeal the provisions of 77 related statutes requiring contractors on federally assisted construction projects to pay employees the wages prevailing in the locality as determined by the Secretary of Labor. Thirty-five years later, most of these recommendations have never been implemented.

More recently, the Republican Staff of the Joint Economic Committee noted that, “For highway construction, the average Davis-Bacon wage paid in the counties sampled was 34 percent higher than the average Occupational Employment Statistics wage reported by [the Bureau of Labor Statistics]....”²¹

The Heritage Foundation estimates that repealing the Davis-Bacon Act would save the U.S. government \$10.9 billion each year, and would stop requiring the federal government “to hire four construction workers for the price of five.”²²

State Gas Taxes

Every state levies taxes on gasoline and diesel fuel,

generally called “gas taxes.” State gas taxes average 30.45 cents a gallon. These taxes are an important source of state revenue — particularly for transportation — but in most states gas taxes are based on fuel volume rather than value:

- Thirty-two states have gas taxes structured entirely on a fixed-rate structure that collects a specific number of cents in tax on every gallon of gas purchased.
- Fifteen states tax gasoline based on its price — similar to the traditional sales taxes that most states levy on items like furniture, toothpaste and televisions. Since gas prices tend to grow over time, the tax paid on a gallon of gas grows as well. These types of gas taxes are therefore called variable-rate taxes.
- Two states, Florida and Massachusetts, levy a slightly different type of variable-rate gas tax — one that grows with a broader measure of inflation in the economy, rather than with the price of gas. Maryland’s gas tax is a hybrid of these two approaches.

State Gas Tax Spending. State gas taxes are the largest source of transportation revenue under the control of state lawmakers, accounting for roughly 30 percent of highway funding. As of 2003, 30 states restricted the use of their gas tax revenues to highways only.²³ Other states, however, use gas tax revenues for mass transit projects, under the assumption that highway users benefit from the congestion-reducing effects of mass transit.

While gas taxes remain a vital transportation revenue source today, their relative contribution to state transportation budgets is actually declining. Taxes and fees paid by drivers (the most significant of which is the gas tax) now make up a smaller share of total highway funding than at any point since the Interstate Highway System was created. But this shift in transportation financing did not come about because of a conscious change in policy. Instead, it is due to flaws in the design of the gas tax that have left it incapable of handling current challenges.

State Tax Increases. Twenty-four states have not raised their gas tax in more than a decade, and 16 states have not changed their rate in over two decades. In Texas, for example, drivers pay 20 cents per gallon in state gas taxes just as they did 20 years ago.

The average state gas tax rate has increased 8.7 percent since 1992; however, adjusting for inflation, the real average gas tax has declined approximately 14 percent, a

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significant contraction in buying power.²⁴

Lawmakers worried about the political ramifications of “raising taxes” are reluctant to support a “tax increase” even as an attempt to address the inevitable shortfall created by rising costs and improving fuel efficiency. It is estimated that deferred maintenance in the states due to a lack of funds, increased road construction costs and lost productivity add more than \$100 billion to the national deficit annually.

State Gas Tax Reforms and Rate Increases. Several state gas tax reforms have been proposed, including:

- Linking state gas tax rates to construction cost inflation, the general inflation rate or gas prices.
- Reforming the state gas/transportation tax and spending structure for state highways or roads only.
- Changing from an excise tax to a mileage-based tax system.

Since February 2013, lawmakers in seven states with diverse political climates have increased and/or reformed their state gas taxes: Maryland, Massachusetts, New Hampshire, Pennsylvania, Vermont, Virginia and Wyoming. As a result, a majority of the country’s population now lives in a state with a variable-rate gas tax that can gradually grow alongside inflation or gas prices. More states are poised to consider adopting this approach in the years ahead.²⁵

On the other hand, the Oregon Road Usage Charge Program, commenced on July 1, 2015, is an alternative to gas tax funding for the state’s portion of highway spending. The first mileage-based program in the United States will have 5,000 initial participants who will be charged 1.5 cents per mile driven.²⁶ The in-vehicle mileage counter will transmit miles and fuel consumption totals to a private-sector account manager, who then sends a bill or net refund to the vehicle’s owner; after the owner pays the road usage charge, the account manager sends the amount collected to the State of Oregon.

Per-mile user charges could be adjusted to reduce subsidies to owners of fuel efficient cars. The 2006 Hybrid Vehicle Tax Credit alone granted \$426 million to car owners.²⁷ Since most state gas taxes and federal gas tax increases occurred during years when vehicles’ fuel efficiency was lower, states and the federal government are receiving less revenue than they originally projected. A per-mile charge would eliminate this de facto subsidy

to fuel-efficient cars and ensure fairness in paying for the highways.

Some have objected to the per-mile tax, claiming discrimination against rural drivers. Yet, many studies have found that rural drivers usually have less fuel efficient cars and therefore would actually benefit from the change. Furthermore, in Oregon specifically, rural and urban citizens drive approximately the same number of miles per year. Due to the complexities involved with nonresident motorists, the Oregon legislature decided nonresident motorists would continue to pay the fuel tax for driving on Oregon public roads.²⁸ Oregon residents already paying the per-mile charge would receive an annual gas tax refund.

State Diversion of Tax Revenue.²⁹ The federal gas tax adds 18.4 cents to the price of every gallon of gas in each state. State gas taxes vary widely [see Figure IV], and the federal tax is higher than state taxes in New Jersey, South Carolina, Virginia, Oklahoma and Missouri. In a number of states, funds are diverted from highway construction and maintenance to fund completely unrelated endeavors. In Texas, for example, 25 percent of total state gas tax funds go to education. Many states divert gas tax revenue to debt payments.³⁰

- New Jersey currently allocates 95 percent (\$516 million) of its gas tax revenue to pay off the \$1 billion it owes in interest on state debt.
- New York currently uses 70 percent (\$1.4 billion) of this revenue to pay off debt on past construction projects.
- Oregon will spend over 35 percent of its gas tax revenue (\$200 million) per year to make interest payments on bonded debt.
- The State of Washington allocates 11.18 cents of tax revenue per gallon to pay down its debt.

Proposed Transportation Funding Reforms

The Congressional Budget Office (CBO) estimates Highway Trust Fund shortfalls will require an additional \$167 billion in revenue over the next decade.³¹ Last year, President Obama spoke of potentially taxing corporate profits held overseas, an idea known as “deemed repatriation,” to close transportation funding gaps.³² Senators Charles E. Schumer (D-N.Y.) and Rob Portman (R-Ohio) have proposed a bipartisan bill that includes “deemed repatriation” and an additional system of taxing

future profits earned abroad.

In addition to the short-term extension, the Senate passed a bill sponsored by Senate Majority Leader Mitch McConnell (R-Ky.) and Senator Barbara Box (D-Calif.) that would reauthorize federal transportation programs for six years. However, in the bill there is only three years' worth of the additional revenues required to keep the Highway Trust Fund solvent. To cobble together the necessary \$45 billion without raising the gas tax, the bill has 16 separate provisions to raise funds, including:³³

- Raise \$2.3 billion by using private debt collectors to collect taxes owed to the government.
- A provision to save billions by eliminating retirement and disability benefits for recipients with outstanding felony warrants.
- Raise \$4 billion by indexing customs user fees to inflation.
- Selling off 101 million barrels of oil from the Strategic Petroleum Reserve, raising \$9 billion dollars over 2018-2025.

The House has already signaled that it opposes many of the fund-raising measures and will therefore propose its own version of a long-term transportation bill in the debate this fall.

Following are a number of other proposals for tax hikes and/or structural reforms that have been made.

The Transportation Empowerment Act. In 2014, Senator Mike Lee (R-Utah) and Representative Tom Graves (R-Ga.) introduced the Transportation Empowerment Act (TEA) to virtually eliminate the federal gasoline tax over a five-year period and devolve the responsibility of funding roads and transit to the states. The TEA had significant support with 55 cosponsors in the House and seven in the Senate.³⁴

The TEA would completely transform current highway funding. It aims to open up the transportation system to greater state control, better targeted projects, and more efficient maintenance and improvement of the nation's infrastructure. By allowing states to respond to the needs of their communities, the bill's supporters claim that it will result in less traffic, shorter commutes and access to more affordable homes. The TEA would:³⁵

- Transfer almost all authority of federal highway and transit programs to the states over a five-year period.

- Lower the federal gas tax from 18.4 cents to 3.7 cents over the same period.
- Reduce federal regulation of construction on critical transportation projects and give states greater flexibility over their tax structure.

TEA would empower states by allowing them to keep and control gasoline tax revenues, set infrastructure priorities, control transportation decisions, and partner with the private sector to meet local needs. Each state would be allowed to keep gas tax money generated in that state and use the revenues at the state's discretion. The TEA also provides states relief from federal regulations, allowing the money to fund local priorities first and then projects that provide congestion relief, capacity expansion and enhanced mobility.³⁶

If it had passed in 2014, TEA would have reduced funding for the federal aid highway program more than 80 percent by 2019, from \$45 billion to less than \$8 billion. The bill would have eliminated the \$8 billion federal transit program that supplies more than 43 percent of the capital spending for state and local public transit agencies.³⁷ The states would then have the option of raising state fuel taxes or otherwise funding these state and local projects themselves. For the TEA to be truly effective, states would have to improve interstate coordination on matters of infrastructure and reprioritize such investments within yearly budgets.

Other Legislative Proposals. Another proposal to solve the Highway Trust Fund's long-term funding problem comes from Senators Bob Corker (R-Tenn.) and Chris Murphy (D-Conn.). During last year's Highway Trust Fund debate, the Senators proposed a 12 cent per gallon increase in the gas tax spread out over two years, followed by adjustment to inflation in the near future. In order to make the tax hike more acceptable for Republicans, the proposal made some temporary tax breaks permanent, allowing the legislation technically to be revenue-neutral. Senators Corker's and Murphy's 12 cents per gallon increase would bring the federal gas tax to 30.4 cents per gallon, a 65 percent increase at the federal level. Combined with state gas taxes, drivers would be paying 61 cents per gallon in tax, 29 percent higher than the status quo.³⁸

Such a proposal could be adjusted to include an amendment to abolish the Mass Transit Fund and return all future mass transit projects back to state control. An amendment on future gas tax allocations could designate

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all funds from the gas and diesel taxes go directly into the Highway Trust Fund, as originally intended. These amendments would allow continued focus on improving the Federal Highway System and future infrastructure adjustments due to changes in population patterns and avoid projects not intended for direct highway construction and maintenance.

Conclusion

The federal gas tax clearly requires major reforms to work efficiently again. Some of the possible reforms are:

- Eliminating the Mass Transit Fund and all other nonhighway funding through the Department of Transportation, saving \$16 billion annually for additional highway funding.
- Raising the federal gas tax to compensate for inflation since it was last raised in 1993, and thereafter adjusting for future inflation, would bring in 40 percent more, or \$10 billion a year.
- Changing from an excise tax to a mileage-based tax system.
- Repealing the Davis-Bacon Act, saving \$11 billion annually in construction costs.

Current gas and other fuel taxes are failing to provide adequate funding for the Highway Transportation Fund. Previous failures by the federal government in its management of these taxes leave two major choices: to greatly reform and amend highways funding or to eliminate the federal gas tax and leave the stewardship of the interstate system to the states.

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Solutions for Americans from America's Think Tank

Established in 1983, the National Center for Policy Analysis (NCPA) is a nonprofit, nonpartisan public policy research organization. We seek to unleash the power of ideas for positive change by identifying, encouraging and aggressively marketing the best scholarly research and innovative solutions to public policy problems.

As America's Think Tank we develop and promote private alternatives to government regulation and control, solving public policy problems by relying on the strength of the competitive, entrepreneurial private sector.

Health Care Policy

NCPA's Health Policy Research Center seeks to reform the health care system in ways that reduce cost, increase access to care and improve the quality of care with solutions that rely on the power of individual choice. With over 30 years of leadership in solving some of the nation's most intractable health policy challenges, the NCPA, through its Health Policy Center Research Center, continues to research, develop and educate Americans about our reform solutions.

The NCPA is probably best known for developing the concept of Health Savings Accounts. NCPA's research, efforts to educate the public and briefings for members of Congress and the White House staff helped motivate Congress to approve a pilot Medical Savings Accounts program for small businesses and the self-employed in 1996 and to vote in 1997 to allow Medicare beneficiaries to have MSAs. In 2003, as part of Medicare reform, Congress and the President made HSAs available to all nonseniors, revolutionizing the health care industry.

As a result, more than 30 million Americans are managing some of their own health care dollars today in HSAs.

Taxes & Economic Growth.

NCPA research demonstrates the

benefits of shifting the tax burden on work and productive investment to consumption. The NCPA helped shape the pro-growth approach to tax policy during the 1990s. A package of six tax cuts designed by the NCPA and the U.S. Chamber of Commerce in 1991 became the core of the Contract with America in 1994. Three of the five proposals (capital gains tax cut, Roth IRA and eliminating the Social Security earnings penalty) became law. A fourth proposal - rolling back the tax on Social Security benefits - passed the House of Representatives in the summer of 2002.

Because of the NCPA idea of Roth IRAs, \$310 billion in savings has been taxed once and will never be taxed again.

Because of another NCPA idea, 78 million baby boomers will be able to work beyond age 65 without losing Social Security benefits.

The NCPA continues to research free market tax reform ideas. Using dynamic software, NCPA's Tax Analysis Center (TAC) is able to analyze proposed federal tax reform.

The TAC can identify the effects of proposed tax changes on representative individuals and families at various income levels and at various ages.

Past NCPA research confirms that long-term economic growth depends on economic freedom, the degree to

which government policies protect property rights, and allows workers and employers to keep what they earn. The NCPA continues to work to identify job-creating economic growth policies while addressing fiscal and regulatory issues.

Retirement Reform.

With a grant from the NCPA, economists at Texas A&M University developed a model to evaluate the future of Social Security and Medicare, working under the direction of Thomas R. Saving, who for years was one of two private-sector trustees of Social Security and Medicare.

NCPA's research shows that as baby boomers begin to retire, the nation's institutions are totally unprepared. Promises made under Social Security, Medicare and Medicaid are inadequately funded. State and local institutions are not doing any better - millions of government workers are discovering that their pensions are under-funded and local governments are renegeing on post-retirement health care promises.

The NCPA continues to work to find practical and workable solutions for retirement security. Pension reform signed into law includes ideas to improve 401(k)s.

Because of an NCPA/Brookings Institution plan, half of all future 401(k) enrollees will be automatically enrolled in a diversified portfolio enjoying higher and safer returns.

Energy and Natural Resources.

The NCPA has been a leader in researching and developing innovative ways to reform outdated environmental regulations and energy policies that raise costs and do not benefit American workers or consumers.

The NCPA analyzes markets for, and the production and use of, Rare Earth elements (REs) that are essential to modern technology, the economy

and national security.

The NCPA examines the potential of natural gas, oil, coal and other fossil fuels for clean, secure and sustainable energy supplies, in addition to the potential of alternative energy sources, including wind, solar and nuclear power.

The NCPA educates the public by distributing our popular Global Warming Primer, second edition, and by producing videos and posts to our blog by experts and in-house analysts.

Education Reform.

The cost and quality of education from pre-kindergarten through college are growing concerns. American college students now have \$1.3 trillion in debt due to rising education costs. To compete internationally, the United States requires an educated workforce, particularly in the growing fields of Science, Technology, Engineering and Mathematics (STEM). To compete in the labor market, individual students must have access to appropriate education according to their abilities and interests. Of paramount importance in education is the freedom to choose schools and curricula that engage the student in learning.

We study models of school curricula, teaching and educational finance reform, including examining the potential impact of Education Savings Accounts (ESAs) on the supply of education and student achievement, based on data from existing state ESA programs, and proposed tax-advantaged ESAs. The NCPA also analyzes ways to lower the cost of higher education so that students are not burdened with increasing amounts of debt and compares the features and outcomes of innovative teaching methods entrepreneurs have developed to utilize technology in classroom and home-based learning.

We then educate the public and inform consumers about educational reform efforts through posts by experts and in-house staff on our education blog.

Reaching the Next Generation.

NCPA equips the next generation of leaders through the following youth outreach programs.

Debate Central. Since 1996, our Debate Central has provided low-income and geographically isolated high school debate students and coaches with free-to-access web-based information on the yearly topics of each the popular forms of high school debate. Through this effort, the NCPA has reached more than 800,000 aspiring debate students and coaches across the nation.

Young Patriots Essay Contest. The NCPA launched the Young Patriots Essay Contest in 2011 to acquaint hundreds of high school students with free-market solutions to public policy problems and spur thought about the responsibility that comes with citizenship. Since its inception, the contest has grown in both prestige and the number of applicants. Top essay winners receive scholarship funds for college.

Internships, Junior Fellows & Graduate Student Fellows. Through its Internship, Junior Fellow and Graduate Student Fellow programs, the NCPA exposes undergraduate and graduate students to the world of ideas and provides them with hands-on, professional experience in public policy. Every student that completes an internship at the NCPA leaves as a published author of an NCPA publication.

Promoting NCPA Ideas.

NCPA's Washington D.C. staff monitors developments in public

policy, legislation, Congressional hearings, regulatory rule-making, and other governmental affairs. We work to educate members of Congress, Administration officials, and other policy makers about NCPA free-market ideas.

NCPA aggressively markets our ideas and scholars by employing an integrated strategy which includes outreach to traditional and social media, placement of NCPA-authored commentary, distribution of fact sheets, and appearances on TV and radio.

What Others Say About the NCPA



"The battle for ideas is far from over. That's why the work of the NCPA is so important and why your support of the NCPA is necessary."

Ronald Reagan

Former President of the United States



"I commend the NCPA for your strong commitment to the ideals of liberty and limited government."

George W. Bush

Former President of the United States

From Our President and CEO



"It will be policy, not politics that secures a sound economic future for Americans."

Allen B. West

NCPA President and CEO