



U.S. Department
of Transportation
**Federal Highway
Administration**

Bulletin

Subject

HIGHWAY FUNDING 1994 - 1997

Date

Total disbursements for highways are expected to exceed \$100 billion in 1997, an increase of \$10 billion or 11 percent over 1994. This is the first time that the \$100 billion threshold has been reached and represents a doubling in highway spending in only 13 years. In 1984, total highway spending first reached \$50 billion a year. Total revenues used for highways or placed in reserves for highways are expected to reach \$101.8 billion in 1997. While reserves at the Federal level are expected to increase by \$2.7 billion, the States are expected to draw some \$1.1 billion from reserves in 1997.

Total highway-user revenues of \$89.4 billion (motor fuel, motor vehicle taxes and fees and tolls) are anticipated in 1997 which would fund over 89 percent of all highway disbursements in 1997. However, \$17.1 billion of highway-user revenues are destined for collection expenses, general government expenses, and other nonhighway uses while \$7 billion will be used for mass transportation. Consequently, only 73 percent of taxes and fees charged to road users will be applied to the highway programs of Federal, State and local governments. Since over one-fourth of highway-user revenues will be expended for nonhighway purposes, governments at all levels must apply a variety of non-user revenues for highway purposes. Non-user revenue sources include general funds, other specific taxes and fees dedicated to highway purposes, investment income and bond proceeds.

Revenues to the Highway Account of the Federal Highway Trust Fund should total nearly \$22 billion in FY 1997. This is about the same as in FY 1996 and represents an increase when compared to the \$18.8 billion in FY 1995, and \$16.2 billion in FY 1994.

Distribution: *Level 2: Headquarters*
Regions
Level 3: Divisions
SH, GR, MPO

OPI: HPM-10

FHWA BULLETIN

March 31, 1997

Effective October 1, 1995, the Highway Account of the Federal Highway Trust Fund received the proceeds from an additional 2 cents tax per gallon of motor fuel that had previously been dedicated to deficit reduction. Beginning in 1994, the Highway Account also benefitted from an increased level of diesel fuel tax collections. This influx of new revenue is expected to cause the balance of the Highway Account to grow from \$9.4 billion in 1995 to \$14.8 billion in 1997.

The increase in Federal diesel fuel tax collections can largely be attributed to the change in the point of taxation from the wholesale to the terminal level and the IRS diesel fuel dyeing program that went into effect in January 1, 1994. This program and related joint Federal/State enforcement efforts have significantly reduced Federal and State fuel tax evasion, generating additional revenues for both the Federal Highway Trust Fund, and for State highway programs. Both the Federal and State governments are expected to continue to benefit from this increased tax compliance in FY 1997 and in the future. Capital expenditures are expected to rise to \$46.6 billion in 1997, accounting for over 46 percent of total highway expenditures. This is an increase of \$4 billion, or 10 percent, compared to 1994. State governments will be responsible for approximately 76 percent of the total, with capital expenditures of \$35.2 billion.

Based upon the latest available data, 31 percent of the State government capital expenditures will be for projects on the Interstate system, and 38 percent will be used on other principal arterials. An additional 22 percent will be for projects on other arterial and collectors, while 9 percent will be used for local roads. Of the amount expended by States on arterial and collectors, 19 percent is expected to be used for new roads and bridges, 31 percent for other capacity improvements, 44 percent for system preservation, and 6 percent for operational and safety-related improvements.

Total funding for highways including receipts, intergovernmental payments, and disbursements for the years 1994 through 1997 are shown in the attached Table HF-10B.

Projected highway expenditures for 1997 are summarized as follows:

	<u>Millions</u>	<u>Percent</u>
Highway Capital Outlay	\$ 46,597	46.5
Highway Maintenance/Operation	26,720	26.7
Administration and Research	8,790	8.7
Law Enforcement and Safety	8,604	8.6
Interest	4,434	4.4
Bond Retirements	<u>5,114</u>	<u>5.1</u>
Total	100,259	100.0

Gary E. Maring
Director, Office of Highway
Information Management

Attachment

FUNDING FOR HIGHWAYS, ALL UNITS OF GOVERNMENT, 1994-1997

TABLE HF-10B
PAGE 1 OF 2
MARCH 1997

(MILLIONS OF DOLLARS)

ITEM		1994 (FINAL)						1995 (PRELIMINARY)					
		FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL
		HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL				HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL			
DISPOSITION OF HIGHWAY-USER REVENUE BY COLLECTING AGENCIES													
Net Collections: 3/		16,250	13,185	29,435	50,063	2,583	82,081	18,829	11,531	30,360	51,043	2,645	84,048
Less: Amount for Nonhighway Purposes 4/		-	(11,177)	(11,177)	(6,365)	(160)	(17,702)	-	(9,339)	(9,339)	(6,290)	(203)	(15,832)
Less: Amount for Mass Transportation		(310)	(1,993)	(2,303)	(3,095)	(555)	(5,953)	(420)	(2,178)	(2,598)	(2,469)	(547)	(5,614)
Less: Amount for Collection Expenses 5/		-	-	-	(2,912)	-	(2,912)	-	-	-	(2,969)	-	(2,969)
Less: Amount for Territories 6/		(112)	(15)	(127)	-	-	(127)	(124)	(14)	(138)	-	-	(138)
Net Used for Highway Purposes		15,828	-	15,828	37,691	1,868	55,387	18,285	-	18,285	39,315	1,895	59,495
REVENUES USED FOR HIGHWAYS - BY COLLECTING AGENCIES													
Highway User Revenues	Motor-Fuel and Vehicle Taxes Tolls	15,828	-	15,828	34,392	1,327	51,547	18,285	-	18,285	35,826	1,345	55,456
	Subtotal	15,828	-	15,828	37,691	1,868	55,387	18,285	-	18,285	39,315	1,895	59,495
Other Taxes and Fees	Property Taxes and Assessments	-	-	-	-	4,832	4,832	-	-	-	-	4,920	4,920
	General Fund Appropriations	-	1,011	1,011	1,783	9,639	12,433	-	821	821	1,605	9,716	12,142
	Other Taxes and Fees	-	261	261	2,043	2,029	4,333	-	224	224	1,818	2,056	4,098
	Subtotal	-	1,272	1,272	3,826	16,500	21,598	-	1,045	1,045	3,423	16,692	21,160
Investment Income and Other Receipts		754	-	754	1,994	4,284	7,032	548	-	548	1,910	4,580	7,038
Total Current Income		16,582	1,272	17,854	43,511	22,652	84,017	18,833	1,045	19,878	44,648	23,167	87,693
Bond Issue Proceeds 7/		-	-	-	4,188	3,107	7,295	-	-	-	4,317	3,302	7,619
Grand Total Receipts		16,582	1,272	17,854	47,699	25,759	91,312	18,833	1,045	19,878	48,965	26,469	95,312
Intergovernmental Payments:	Federal Highway Trust Fund	(17,623)	-	(17,623)	17,343	280	-	(17,895)	-	(17,895)	17,569	326	-
	Other Federal Funds	-	(932)	(932)	545	387	-	-	(858)	(858)	487	371	-
	State Highway-User Imposts	-	-	-	(7,463)	7,463	-	-	-	-	(8,491)	8,491	-
	Other State Funds	-	-	-	(1,377)	1,377	-	-	-	-	(530)	530	-
	Local Government Funds	-	-	-	1,458	(1,458)	-	-	-	-	1,159	(1,159)	-
	Subtotal	(17,623)	(932)	(18,555)	10,506	8,049	-	(17,895)	(858)	(18,753)	10,194	8,559	-
Funds Drawn from or Placed in Reserves 8/		2,006	1	2,007	(2,636)	(491)	(1,120)	95	1	96	(2,178)	(726)	(2,808)
Total Funds Available		965	341	1,306	55,569	33,317	90,192	1,033	188	1,221	56,981	34,302	92,504
DISBURSEMENTS FOR HIGHWAYS - BY EXPENDING AGENCIES													
Capital Outlay	On State-Administered Highways	-	-	-	30,152	-	30,152	-	-	-	30,550	-	30,550
	On Locally Administered Roads	-	-	-	1,907	9,892	11,799	-	-	-	1,950	10,165	12,115
	Not Classified by System	322	106	428	-	-	428	392	40	432	-	-	432
	Subtotal	322	106	428	32,059	9,892	42,379	392	40	432	32,500	10,165	43,097
Maintenance and Traffic Services	On State-Administered Highways	-	-	-	10,073	-	10,073	-	-	-	10,359	-	10,359
	On Locally Administered Roads	-	-	-	63	13,346	13,409	-	-	-	46	13,979	14,025
	Not Classified by System	-	71	71	-	-	71	2	69	71	-	-	71
	Subtotal	-	71	71	10,136	13,346	23,553	2	69	71	10,405	13,979	24,455
Administration and Research		643	164	807	4,847	2,722	8,376	639	79	718	4,812	2,802	8,332
Highway Law Enforcement and Safety		-	-	-	4,209	3,464	7,673	-	-	-	4,412	3,565	7,977
Interest on Debt		-	-	-	2,137	1,527	3,664	-	-	-	2,255	1,727	3,982
Total Current Disbursements		965	341	1,306	53,388	30,951	85,645	1,033	188	1,221	54,384	32,238	87,843
Bond Retirements 7/		-	-	-	2,181	2,366	4,547	-	-	-	2,597	2,064	4,661
Grand Total Disbursements		965	341	1,306	55,569	33,317	90,192	1,033	188	1,221	56,981	34,302	92,504

FUNDING FOR HIGHWAYS, ALL UNITS OF GOVERNMENT, 1994-1997

TABLE HF-10B
PAGE 2 OF 2
MARCH 1997

(MILLIONS OF DOLLARS)

ITEM	1996 (ESTIMATED)						1997 (FORECAST)					
	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL
	HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL				HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL			
DISPOSITION OF HIGHWAY-USER REVENUE BY COLLECTING AGENCIES												
Net Collections: 3/	22,034	9,346	31,380	53,150	2,850	87,380	21,874	9,896	31,770	54,671	2,968	89,409
Less: Amount for Nonhighway Purposes 4/	-	(6,729)	(6,729)	(6,591)	(231)	(13,551)	-	(6,890)	(6,890)	(6,780)	(246)	(13,916)
Less: Amount for Mass Transportation	(535)	(2,602)	(3,137)	(2,605)	(572)	(6,314)	(685)	(2,991)	(3,676)	(2,679)	(594)	(6,949)
Less: Amount for Collection Expenses 5/	-	-	-	(3,136)	-	(3,136)	-	-	-	(3,226)	-	(3,226)
Less: Amount for Territories 6/	(122)	(15)	(137)	-	-	(137)	(130)	(15)	(145)	-	-	(145)
Net Used for Highway Purposes	21,377	-	21,377	40,818	2,047	64,242	21,059	-	21,059	41,986	2,128	65,173
REVENUES USED FOR HIGHWAYS - BY COLLECTING AGENCIES												
Highway User Revenues	21,377	-	21,377	37,260	1,452	60,089	21,059	-	21,059	38,319	1,503	60,881
Motor-Fuel and Vehicle Taxes	-	-	-	3,558	595	4,153	-	-	-	3,667	625	4,292
Tolls	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	21,377	-	21,377	40,818	2,047	64,242	21,059	-	21,059	41,986	2,128	65,173
Other Taxes and Fees	-	-	-	-	5,040	5,040	-	-	-	-	5,140	5,140
Property Taxes and Assessments	-	820	820	1,500	9,008	11,328	-	785	785	1,450	9,403	11,638
General Fund Appropriations	-	244	244	1,900	2,087	4,231	-	235	235	2,000	2,110	4,345
Other Taxes and Fees	-	1,064	1,064	3,400	16,135	20,599	-	1,020	1,020	3,450	16,653	21,123
Subtotal	-	-	-	658	1,850	4,804	754	-	754	1,700	5,000	7,454
Investment Income and Other Receipts	658	-	658	1,850	4,804	7,312	-	-	-	-	-	-
Total Current Income	22,035	1,064	23,099	46,068	22,986	92,153	21,813	1,020	22,833	47,136	23,781	93,750
Bond Issue Proceeds 7/	-	-	-	4,448	3,396	7,844	-	-	-	4,600	3,500	8,100
Grand Total Receipts	22,035	1,064	23,099	50,516	26,382	99,997	21,813	1,020	22,833	51,736	27,281	101,850
Intergovernmental Payments:	(18,323)	(800)	(18,323)	17,988	335	-	(18,019)	-	(18,019)	17,669	350	-
Federal Highway Trust Fund	-	(800)	(800)	450	350	-	-	(765)	(765)	425	340	-
Other Federal Funds	-	-	-	(9,036)	9,036	-	-	-	-	(9,458)	9,458	-
State Highway-User Imposts	-	-	-	(1,313)	1,313	-	-	-	-	(1,300)	1,300	-
Other State Funds	-	-	-	1,427	(1,427)	-	-	-	-	1,400	(1,400)	-
Local Government Funds	(18,323)	(800)	(19,123)	9,516	9,607	-	(18,019)	(765)	(18,784)	8,736	10,048	-
Subtotal	-	-	-	(2,696)	-	(3,341)	(2,716)	-	(2,716)	1,125	-	(1,591)
Funds Drawn from or Placed in Reserves 8/	(2,696)	-	(2,696)	(645)	-	(3,341)	(2,716)	-	(2,716)	1,125	-	(1,591)
Total Funds Available	1,016	264	1,280	59,387	35,989	96,656	1,078	255	1,333	61,597	37,329	100,259
DISBURSEMENTS FOR HIGHWAYS - BY EXPENDING AGENCIES												
Capital Outlay	-	-	-	31,995	-	31,995	-	-	-	33,088	-	33,088
On State-Administered Highways	-	-	-	2,042	10,528	12,570	-	-	-	2,112	10,924	13,036
On Locally Administered Roads	388	47	435	-	-	435	428	45	473	-	-	473
Not Classified by System	388	47	435	34,037	10,528	45,000	428	45	473	35,200	10,924	46,597
Subtotal	-	-	-	10,765	-	10,765	-	-	-	11,335	-	11,335
Maintenance and Traffic Services	-	-	-	55	14,773	14,828	-	-	-	55	15,260	15,315
On State-Administered Highways	-	69	69	-	-	69	-	70	70	-	-	70
On Locally Administered Roads	-	69	69	10,820	14,773	25,662	-	70	70	11,390	15,260	26,720
Not Classified by System	-	69	69	4,900	2,948	8,624	650	140	790	4,950	3,050	8,790
Subtotal	628	148	776	4,900	2,948	8,624	650	140	790	4,950	3,050	8,790
Administration and Research	-	-	-	4,550	3,720	8,270	-	-	-	4,750	3,854	8,604
Highway Law Enforcement and Safety	-	-	-	2,393	1,831	4,224	-	-	-	2,500	1,934	4,434
Interest on Debt	1,016	264	1,280	56,700	33,800	91,780	1,078	255	1,333	58,790	35,022	95,145
Total Current Disbursements	1,016	264	1,280	56,700	33,800	91,780	1,078	255	1,333	58,790	35,022	95,145
Bond Retirements 7/	-	-	-	2,687	2,189	4,876	-	-	-	2,807	2,307	5,114
Grand Total Disbursements	1,016	264	1,280	59,387	35,989	96,656	1,078	255	1,333	61,597	37,329	100,259
<p>1/ This table contains a mixture of calendar and fiscal year data.</p> <p>2/ Includes the Mass Transit Account of the Highway Trust Fund. Also includes FHWA activities funded by general funds and all other agencies and funds that make appropriations for highways or that receive highway-user revenues.</p> <p>3/ Represents gross receipts less refunds and loss allowances.</p> <p>4/ Amount in Federal Government column represents net collections less transfers to the Highway and Mass Transit Accounts of the Highway Trust Fund. Due to timing differences between collections and transfers to the Highway Trust Fund, the amount will not correspond exactly to distributions for deficit reduction and for the Leaking Underground Storage Tank (LUST) Fund.</p> <p>5/ Includes only those collection and administrative costs paid from motor-fuel and motor-vehicle tax receipts. Operational costs of toll facilities are reported as traffic services. Federal collection expenses are excluded since they are paid for by the General Fund. Local expenses are excluded, because local motor-fuel and motor-vehicle revenue data are reported net of collection expenses.</p> <p>6/ Amounts shown represent Federal payments to territories, and Federal expenditures in territories for highways and mass transit.</p> <p>7/ Proceeds and redemptions of short-term notes and refunding issues are excluded.</p> <p>8/ Negative numbers indicate that funds were placed in reserves.</p>												