



HIGHWAY TRUST FUND AND TAXES

Statutory citations: FAST Act Division C; Internal Revenue Code (26 U.S.C.)

Extension of Highway-User Taxes

The FAST Act generally extends the imposition of highway-user taxes through September 30, 2022 with no change to the tax rates, which are summarized in the table below. This includes taxes on highway motor fuel—most notably a Federal tax of 18.4 cents per gallon on gasoline and of 24.4 cents per gallon on highway diesel fuel. The Federal government also imposes other truck-related taxes, including an annual tax on heavy vehicle use, a load rating-based tax on truck tires and a retail sales tax on trucks and trailers. The FAST Act extends the heavy vehicle use tax through September 30, 2023. The taxes on highway motor fuel will continue past September 30, 2022, but at a reduced rate of 4.3 cents per gallon. [FAST Act § 31102]

The FAST Act also extends (without rate change) the imposition of the Leaking Underground Storage Tank Trust Fund tax of 0.1 cent per gallon on most fuels. [FAST Act § 31102, 26 U.S.C. 4081]

Transfer of Taxes to the Highway Trust Fund

The FAST Act extends through September 30, 2022, the deposit to the Highway Trust Fund of amounts equivalent to the proceeds of the highway-user taxes. [FAST Act § 31102, 26 U.S.C. 9503]

Generally, the Leaking Underground Storage Tank Trust Fund receives 0.1 cent per gallon of the fuel tax, the Mass Transit Account of the Highway Trust Fund receives 2.86 cents per gallon and the Highway Account of the Highway Trust Fund receives the remainder. [26 U.S.C. 9503, 9508] All proceeds of the non-fuel taxes are deposited in the Highway Account. (See table below for details.)

The FAST Act extends the transfer of estimated motorboat gasoline taxes and taxes on small-engine fuel to the Sport Fish Restoration and Boating Trust Fund. The Land and Water Conservation Fund will continue to receive \$1 million per year of motorboat gasoline receipts. [26 U.S.C. 9503]

Additional Revenues for the Highway Trust Fund

To supplement the proceeds of the highway-user taxes deposited in the Highway Trust Fund, the FAST Act authorizes the following additional transfers to the Highway Trust Fund:

- From the General Fund of the Treasury— [FAST Act § 31201, 26 U.S.C. 9503]
 - \$51.9 billion to be deposited in the Highway Account, effective upon enactment of the FAST Act; and
 - \$18.1 billion to be deposited in the Mass Transit Account, effective upon enactment of the FAST Act.
- From the Leaking Underground Storage Tank Trust Fund, to be deposited in the Highway Account of the Trust Fund— [FAST Act §§ 31201 and 31203, 26 U.S.C. 9508]
 - \$100 million, effective upon enactment of the FAST Act;
 - \$100 million on October 1, 2016; and
 - \$100 million on October 1, 2017.

In addition, the FAST Act dedicates the proceeds of certain motor vehicle safety penalties to the Highway Account. [FAST Act § 31202, 26 U.S.C. 9503]

Expenditures from the Highway Trust Fund

The FAST Act extends through September 30, 2020, the authority to make expenditures from the Highway Account for authorized purposes. After that date, expenditures from the Trust Fund are

authorized only to liquidate obligations made before that date. Any other expenditure will cause the cessation of deposits of highway-user taxes to the Trust Fund.
 [FAST Act § 31101, 26 U.S.C. 9503]

Federal Highway User Taxes

Fuel Type	Effective Date	Tax Rate (cents per gallon)	Distribution of Tax		
			Highway Trust Fund		Leaking Underground Storage Tank Trust Fund
			Highway Account	Mass Transit Account	
Gasoline	10/01/1997	18.4	15.44	2.86	0.1
Diesel	10/01/1997	24.4	21.44	2.86	0.1
Gasohol	01/01/2005	18.4	15.44	2.86	0.1
Special Fuels:					
General rate	10/01/1997	18.4	15.44	2.86	0.1
Liquefied petroleum gas ¹	01/01/2016	18.3	15.42	2.88	-
Liquefied natural gas ²	01/01/2016	24.3	21.08	3.22	-
M85 (from natural gas)	10/01/1997	9.25	7.72	1.43	0.1
Compressed natural gas ¹	01/01/2016	18.3	17.10	1.20	-
Truck-Related Taxes – All Proceeds to Highway Account					
Tire Tax	9.45 cents for each 10 pounds so much of the maximum rated load capacity thereof as exceeds 3,500 pounds				
Truck and Trailer Sales Tax	12 percent of retailer's sales price for tractors and trucks over 33,000 pounds gross vehicle weight (GVW) and trailers over 26,000 pounds GVW				
Heavy Vehicle Use Tax	Annual tax: Trucks 55,000 pounds and over GVW, \$100 plus \$22 for each 1,000 pounds (or fraction thereof, in excess of 55,000 pounds). Maximum tax: \$550				

¹ Rate shown is per gasoline gallon equivalent.

² Rate shown is per diesel gallon equivalent.