

FUNDING THE FUTURE OF TRANSPORTATION

SUBJECT BRIEF

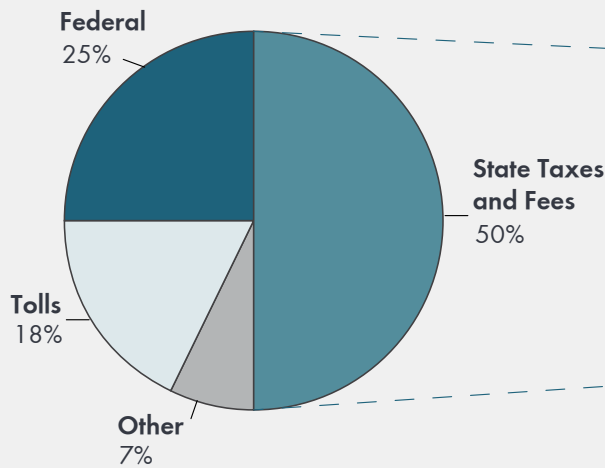


FLORIDA DEPARTMENT OF TRANSPORTATION

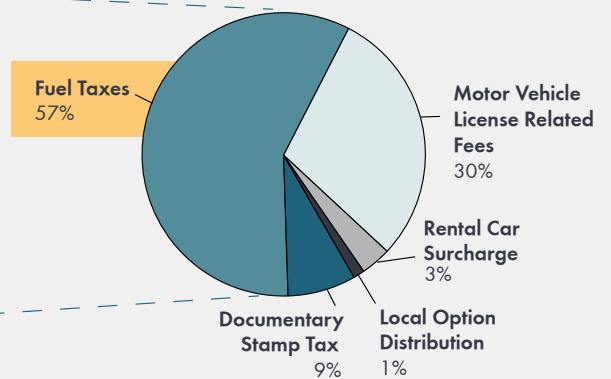
How is Florida's Transportation System Funded?

Florida's transportation system is funded through a combination of federal funding, state taxes and fees, and tolls. A large share of this funding is dependent on fuel taxes generated from motor fuel consumption.

Transportation System Funding Sources



Breakdown of State Taxes and Fees Used for Transportation Funding Fiscal Year 2020



Source: *Florida's Transportation Tax Sources Primer 2021*

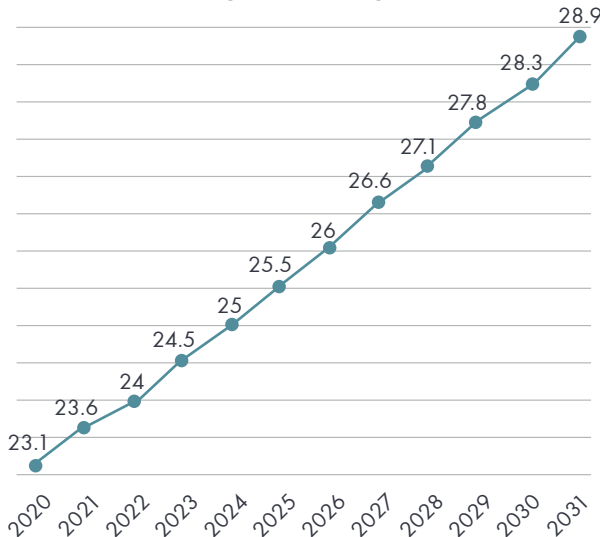
What Pressures are Changing our Transportation System?

As the cost to build and maintain our transportation infrastructure increases, fuel tax revenues are projected to decrease. Improvements to vehicle fuel efficiency¹ paired with the growing market-share of electric, hybrid, and alternative fuel vehicles are projected to reduce fuel tax revenue by up to 30% by 2040. This decline occurs as transportation demand increases in connection with Florida's vibrant economy and sustained population growth.

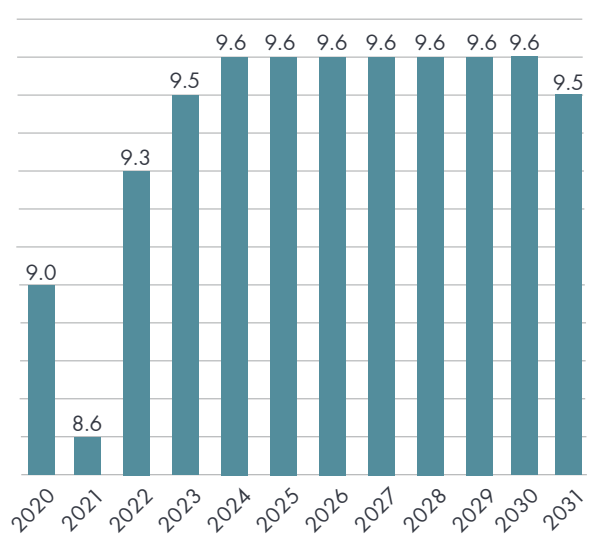
Fuel consumption in Florida is projected to **flatten out by 2029** and then **decline**.



Fuel Efficiency Forecasts by Fiscal Year*



Billions of Gallons of Motor Fuel Consumed by Fiscal Year*



¹ In compliance with Corporate Average Fuel Economy (CAFE) standards
* Source: *Transportation Revenue Estimating Conference August 2021*

18.4¢

Federal gas tax
per gallon

Not indexed to inflation and Congress
has not increased since 1993

How is the Federal Gas Tax Collected and Used?

The federal gas tax is collected nationally then distributed back to the states. Revenues from the federal gas tax primarily support maintenance and construction of roads and bridges with a portion funding mass transit and other areas.

The average Florida driver pays just **\$297 per year*** in fuel taxes that support transportation.

Federal
\$101

State
\$122

Local
\$74

* Based on the 2020 Florida average of 12,827 miles driven, fuel efficiency of 23.6 miles/gallon, and a total tax rate of \$0.546/gallon.



How Do We Prepare for the Future of Transportation Funding?

Nationally, transportation officials are exploring policy changes to ensure sustainability of funding to adequately maintain and improve our transportation system. Policy changes may include the federal government broadening or increasing user costs through existing options such as registration fees, fuel taxes, and tolling. However, reliance on traditional methods is a short-term resolution as fuel consumption continues to decline.

Long-term solutions may include:



Mileage-based user fees where drivers are billed by miles driven



Vehicle-based fees specific to hybrid and electric vehicles in addition to registration fees



Land use fees such as impact fees or other options.

These alternatives to traditional methods are in different stages of implementation around the country. In 2021, the proposed Infrastructure Investment and Jobs Act includes a pilot program to develop and test mileage-based user fees for different income groups and locations.

Where Can I Learn More?

[American Petroleum Institute](#) Provides information on the gasoline taxes in each state.

[Florida Department of Revenue](#) Provides information on fuel taxes in Florida.

[Florida Department of Transportation](#) Provides additional information on Transportation Tax sources.

[Federal Highway Administration](#) Provides information on the FAST ACT and use of Highway-User Taxes, the Highway Trust Fund, and revenue trends.

[H.R. 3684 - Infrastructure and Jobs Act](#) If the IIJA becomes law, it authorizes transportation funding for federal fiscal years 2022-2026.

[Transportation Research Board](#) Provides information on fuel taxes and alternatives for transportation funding and discusses Local Option Motor Fuel Taxes.

[U.S. Energy Information Administration](#) Provides information on state and federal gasoline and diesel tax rates.



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