

COMMITTEE ON WAYS AND MEANS MARKUP OF
HIGHWAY TRUST FUND EXTENSION

Present Law

Highway Trust Fund and Highway-Related Excise Taxes

Excise taxes are imposed on gasoline and diesel and other motor fuels, trucks and truck trailers, heavy tires, and heavy highway vehicles. Revenues from these highway-related excise taxes are deposited in the Highway Trust Fund (HTF). Revenues equivalent to one cent per gallon from the taxes on highway motor fuels go into the Mass Transit Account in the HTF. The other highway excise tax revenues go into the Highway Account.

The HTF taxes are currently scheduled to expire after September 30, 1988 (see Table below).

Motor fuels:

Gasoline and special motor fuels	9 cents per gallon
Diesel fuel	15 cents per gallon

Trucks and trailers:

Trucks (over 33,000 lbs.) and trailers (over 26,000 lbs.)	12 percent of retail price
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Tires for highway vehicles:

40 lbs. or less	--no tax
40-70 lbs.	--15 cents/lb. over 40 lbs.
70-90 lbs.	--\$4.50, plus 30 cents/lb. over 70 lbs.
Over 90 lbs.	--\$10.50, plus 50 cents/lb. over 90 lbs.

Use tax on heavy highway vehicles:

Under 55,000 lbs.	--no tax
55,000-75,000 lbs.	--\$100, plus \$22/1,000 lbs. over 55,000
Over 75,000 lbs.	--\$550

Budget Status of Highway Trust Fund

The Highway Trust Fund is codified in the Trust Fund Code of the Internal Revenue Code (sec. 9503). The Airport and Airway Trust Fund (sec. 9502), the Black lung Disability Trust Fund (sec. 9501), and the Aquatic Resources Trust Fund (sec. 9504) are also part of the Internal Revenue Code.

These trust fund revenues and expenditures are part of the unified budget, and affect the overall Federal budget deficit amounts.

In the July 22 testimony before the Committee on Ways and Means, the Chairman of the Committee on Public Works and Transportation (Mr. Howard) indicated that his committee would be offering a floor amendment to H.R. 3129 (the Highway Trust Fund authorization bill) to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the unified budget.

Possible Option

(1) Extend present law Highway Trust Fund excise taxes, and authority to spend from the Trust Fund, for five years (through September 30, 1993).

(2) Update HTF statute to reflect 1986 authorizations, including highway beautification and university transportation research centers, as trust fund expenditure purposes.

(3) The nine cents per gallon exemption for neat methanol and ethanol fuels would be reduced to six cents per gallon, as provided in H.R. 3838.

The Committee HTF extension provisions would be considered by the Rules Committee and the House floor as a separate revenue title to H.R. 3129, the Public Works and Transportation Committee authorization bill.