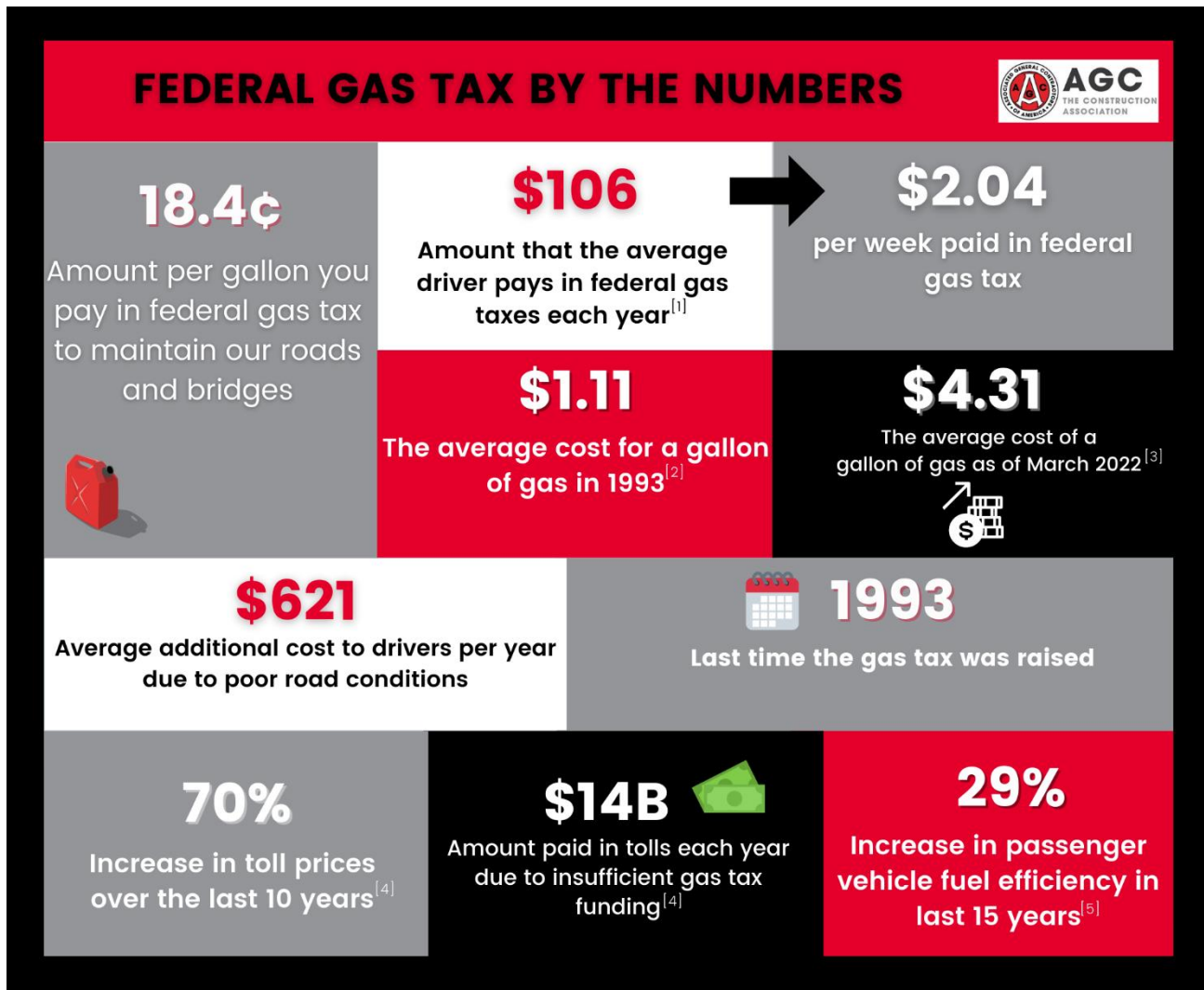


If Americans Don't Pay for Infrastructure Improvements at the Pump, They'll Just Pay for it Elsewhere



Bottom Line Up Front:

A suspension of the gas tax will not decrease the price of gas and would make it harder to fund improvements to your local roads and bridges

Some politicians, both in Congress and in my state, want to suspend the gas tax. How would that affect me?

Effect on price of gas: The federal gas tax is passed on to consumers by oil producers; it is not directly levied at the pump. Therefore, producers control how much the tax factors into the price of gas. A variety of factors affect gas prices, such as supply and demand, production costs, and taxes. **As the federal gas tax is just one factor in that formula, many economists believe there would not be a meaningful drop in gas prices should it be suspended.**ⁱ

Effect on construction projects in your community: Whether it's the bridge you cross to get to work or the interstate highway you take to visit family in another state, the gas tax paid to construct it and will repair it when the condition deteriorates. The poor condition of our roads, bridges, and transportation systems is most likely not a secret to you, and the recently passed Bipartisan Infrastructure Law provides a [historic federal investment](#) that seeks to address these needs. On a bipartisan basis, they agreed the gas tax is an important part of financing that investment.

What specifically is my gas tax money spent on?

Money collected from the federal gas tax is directly deposited into the federal Highway Trust Fund (HTF). By law, this money is directed to state departments of transportation (DOTs) and other local entities through grants handled through the federal Department of Transportation. State DOTs then spend these funds to build, maintain, and repair roads, bridges, and transportation systems in their states.

What is the purpose of having both a federal and state gas tax?

These user fees finance different portions of a state's overall transportation budget. State DOTs are the primary provider of construction and repair services for both federal-aid highways and state-owned highways in their states. Local governments are primarily responsible for local roads.

The federal gas tax is mostly only eligible to be spent on federal-aid highways – roads like the interstates, national highway system, and designated roadways that feed into this network.

State highways allowing for intracity travel are the primary responsibility of the state, and the maintenance and construction of those roads must be paid for through state revenues. These separate tax structures are independently important for states to meet their transportation needs.

How would this gas tax holiday be paid for?

The legislation requires a transfer from the general fund into the treasury – and offers no way to pay for this transfer. Put simply, more deficit spending from Washington.

ⁱ <https://www.washingtonpost.com/us-policy/2022/02/15/democrats-gas-tax-holiday/>

¹ <https://highways.dot.gov/public-roads/mayjune-2016/nailing-cheats>

² <https://www.energy.gov/eere/vehicles/fact-915-march-7-2016-average-historical-annual-gasoline-pump-price-1929-2015>

³ <https://gasprices.aaa.com/>

⁴ <https://truckingresearch.org/wp-content/uploads/2020/01/ATRI-Toll-Exec-Summary.pdf>

⁵ <https://www.energy.gov/eere/vehicles/articles/fotw-1177-march-15-2021-preliminary-data-show-average-fuel-economy-new-light>

⁶ https://www.fhwa.dot.gov/policy/olsp/fundingfederalaid/FFAH_2017.pdf