



The Road Ahead: Should EVs Contribute to the Highway Trust Fund?

Center Forward Basics

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Overview

The Highway Trust Fund (HTF) is the primary source of federal funding for highway infrastructure projects, including constructing and maintaining U.S. roads, bridges, and public transit systems. The HTF receives most of its funding from federal taxes on motor fuel and faces two main challenges. First, fuel efficiency steadily increases as regulations steer the U.S. toward increasing energy independence. Second, as electric vehicles (EVs) gain market share, gas consumption in the U.S. is anticipated to decrease. EVs do not consume gasoline and they are not subject to the federal excise taxes funding the HTF, limiting the federal aid available to states for infrastructure expenses. To address the HTF's growing deficit and ensure its sustainability, policymakers are considering introducing a tax on EVs, requiring their contribution to the fund, especially as their use expands. This Basic will discuss how a tax on EVs can offset the decline of the Highway Trust Fund's revenue and current legislation surrounding EVs.

History of the Highway Trust Fund

Established by the Highway Revenue Act of 1956, the Highway Trust Fund (HTF) provides more than 90% of federal highway aid to states. Roughly 80% of its revenue comes from excise taxes on motor and diesel fuel. However, the federal government has not raised these "gas" taxes since 1993, causing the HTF to lose 45% of its revenue's purchasing power over time with inflation.

Initiatives by the Biden Administration supplement this decrease in incoming tax revenue, incentivizing an increase in fuel efficiency and EV use. These measures aim to reduce gas consumption nationwide, further straining the HTF's budget. Former president Biden's 2024 Multi-Pollutant Emissions standards target the fuel efficiency of gas-powered vehicles, gradually reducing the allowable pollution from vehicle exhaust each year, with carmakers facing fines for non-compliance. These standards are estimated to prevent seven billion tons of carbon emissions and save consumers \$62 billion in annual fuel costs from 2027 to 2032. The plan also sets a target for 56% of all new U.S. vehicles sold by 2032 to be electric, up from 8% in 2023. Additionally, the Inflation Reduction Act, a hallmark of the Biden Administration, provides consumers a \$7,500 tax credit for purchasing an electric vehicle and subsidies for battery manufacturers, charger installations, and electric school buses.

Currently, the HTF's funding shortfalls are covered by transfers from the United States Treasury's general fund. In the past 15 years, Congress conducted 10 transfers to the HTF, totaling nearly \$272 billion. The Bipartisan Infrastructure Law – passed in 2021 – included a \$118 billion transfer from the general fund to the HTF, providing temporary relief. The Congressional Budget Office estimates the HTF will be insolvent by 2028, with a cumulative funding deficiency exceeding \$240 billion by 2033. Without intervention, states will lack the federal assistance needed to undertake large infrastructure projects, especially those with interstate purposes.

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Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit www.center-forward.org

The Rise of EVs and Their Impact

From 2011 to 2021, EV sales in the U.S. skyrocketed from 22,000 to more than two million, with projections now estimating that 40% to 50% of all passenger car sales will be electric by 2032. EVs may weigh more than their ICE counterparts due to battery weight. Because of their batteries, EVs weigh up to three times more than traditional internal combustion engine vehicles, causing more extensive and frequent road wear. Their heavier weight also necessitates upgrades to highway safety features, such as guardrails, to withstand the greater impact of collisions with heavier vehicles. Despite EVs' increasing presence on roads and strain on highway infrastructure, their owners do not currently contribute to the HTF as they do not pay the federal fuel taxes that serve as the HTF's primary funding source.

In December 2024, President Biden announced a 2035 “nationally determined contribution” under the Paris Agreement, setting ambitious targets for U.S. climate action over the next ten years. This plan aims to cut U.S. greenhouse gas emissions by 61% to 66% below 2005. The United States will prioritize investment in EV supply chains, manufacturing, and charging infrastructure to reduce transportation emissions while offering consumers incentives to encourage EV adoption. One of the strongest incentives for purchasers considering an EV remains their low annual fuel costs. EV drivers spend approximately 60% less on fuel each year than those with gas-powered vehicles, not only because EVs do not require gasoline but also due to their greater efficiency – 2.6 to 4.8 times more – when traveling. With the average price for an EV costing about \$6,000 more than a gas-powered vehicle, imposing taxes on EVs could deter consumers from purchasing them, ultimately undermining the U.S.'s efforts to meet its climate targets.

Legislative Solutions: EV Taxation

To address payment disparities, Senator Deb Fischer (R-NE) introduced S.2882 - Stop EV Freeloading Act in September 2023. The bill proposes a two-tier fee structure to ensure EVs contribute to highway maintenance:

1. A one-time fee of \$1,000 on all EVs when sold, reflecting the typical 10-year gas tax contribution of a combustion engine vehicle since the typical lifespan of an electric vehicle battery is 10-15 years.
2. A one-time \$550 fee on manufacturers for each battery module weighing over 1,000 pounds due to their greater weight and burden on highway infrastructure.

Fischer and the bill's other sponsors—Senators Pete Ricketts (R-NE), John Cornyn (R-TX), and Cynthia Lummia (R-WY)—believe these measures ensure drivers of all vehicle types fairly contribute to the HTF, supporting the construction and maintenance of U.S. highway infrastructure. As of September 2023, the Stop EV Freeloading Act had been read twice by the Senate and referred to the Committee on Finance.

Eight states use vehicle miles traveled (VMT) taxes to fund transportation spending, offsetting falling revenue from gas taxes. A VMT tax is a charge drivers pay per mile on public roads, which may vary based on a vehicle's weight and the time and location of driving. To protect drivers' privacy, states operating VMTs often rely on private-sector commercial account data passed to government agencies with only the information necessary for tax purposes. Hawaii is the only state with a mandatory VMT program, requiring all EVs to participate by 2028 and light vehicles by 2033. Advocates argue that VMT taxes more equitably fund transportation projects by addressing the shortcomings of gas taxes, which charge vehicles with lower fuel efficiency more per mile, exclude electric vehicles entirely, overlook time and location of use, and fail to account for vehicle weight and its impact on road damage.

One of the funding proposals gaining significant attention is the registration fee idea put forward by the American Highway Users Alliance (AHUA). This approach would implement a fee on vehicle registration to help fund the Highway Trust Fund (HTF). While many companies have not yet taken formal positions on the matter, industry consensus seems to be coalescing

around this proposal as a potential solution. As this idea gains support, it is likely to be one of the leading contenders in the ongoing discussions about HTF funding.

Looking Forward: The Trump Administration

The new Trump Administration plans to roll back federal EV incentives and emission regulations, signaling a dramatic shift in U.S. transportation policy. On his first day in office, President Trump signed an executive order revoking former President Biden's 2030 EV sales target, froze \$5 billion in unspent government funds for vehicle charging stations, and announced plans to eliminate EV tax credits provided under the Inflation Reduction Act. Targeting the Environmental Protection Agency directly, he aims to reverse stringent emission standards – slowing EV adoption – and terminate waivers allowing states to end the sale of gas-powered vehicles by 2035, prolonging the HTF's reliance on gas taxes for funding.

With a Republican-controlled Congress, legislation to tax EVs and bolster HTF funding is more viable. Speaker Mike Johnson and other GOP leaders support Trump's efforts to end the "EV mandate," framing incentives for their purchase as government overreach. Going forward, the HTF cannot rely on gas taxes alone. Whether through EV fees, VMT taxation, or alternative funding methods, Congress faces a pivotal decision: how to maintain America's highway infrastructure without crippling the transition to EVs, a key part of the U.S.'s climate goals. The outcome of this debate will shape the future of U.S. transportation and climate policy.

Links to Other Resources

- American Society of Civil Engineers: [Policy Briefing: Bill would add electric vehicle fees to boost Highway Trust Fund | ASCE](#)
- Associated General Contractors: [ELECTRIC VEHICLES AND THE HIGHWAY TRUST FUND](#)
- BBC: [Biden administration unveils strictest ever US car emission limits to boost EVs](#)
- Bipartisan Policy Center: [The Future of the Highway Trust Fund: The Impact of EVs | Bipartisan Policy Center](#)
- Congress.gov: [Text - S.2882 - 118th Congress \(2023-2024\): Stop EV Freeloading Act](#)
- EPA: [Biden-Harris Administration finalizes strongest-ever pollution standards for cars that position U.S. companies and workers to lead the clean vehicle future, protect public health, address the climate crisis, save drivers money | US EPA](#)
- Electrification Coalition: [Electrification Coalition - Inflation Reduction Act Impacts on Electric Vehicles](#)
- Federal Highway Administration: [Federal-Aid Highway Act of 1956: Creating The Interstate System \(Sidebars\) | FHWA](#)
- Kelley Blue Book: [How Much Are Electric Cars? - Kelley Blue Book](#)
- NRDC: [Electric vs. Gas Cars: Is It Cheaper to Drive an EV?](#)
- Peter G. Peterson Foundation: [It's Been 28 Years Since We Last Raised the Gas Tax, and Its Purchasing Power Has Eroded](#)
- Reuters: [EV companies, battery makers urge Trump not to kill vehicle tax credits | Reuters](#)
- Reuters: [Trump revokes Biden 50% EV target, freezes unspent charging funds | Reuters](#)

- Tax Foundation: [Vehicle Miles Traveled Taxes Rollout across States](#)
- The New York Times: [Trump and Republicans Cannot Stop Electric Vehicles, Experts Say - The New York Times](#)
- UNFCCC: [the united states of america - nationally determined contribution](#)
- U.S. Bureau of Labor Statistics: [Charging into the future: the transition to electric vehicles](#)
- U.S. Senator Deb Fischer for Nebraska: [Fischer Introduces “Stop EV Freeloading Act” to Support Infrastructure Investments, Promote Fairness - Press](#)