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# **HIGHWAY TRUST FUND**

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# Highway Trust Fund

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## *Federal-aid Highway Act of 1956*

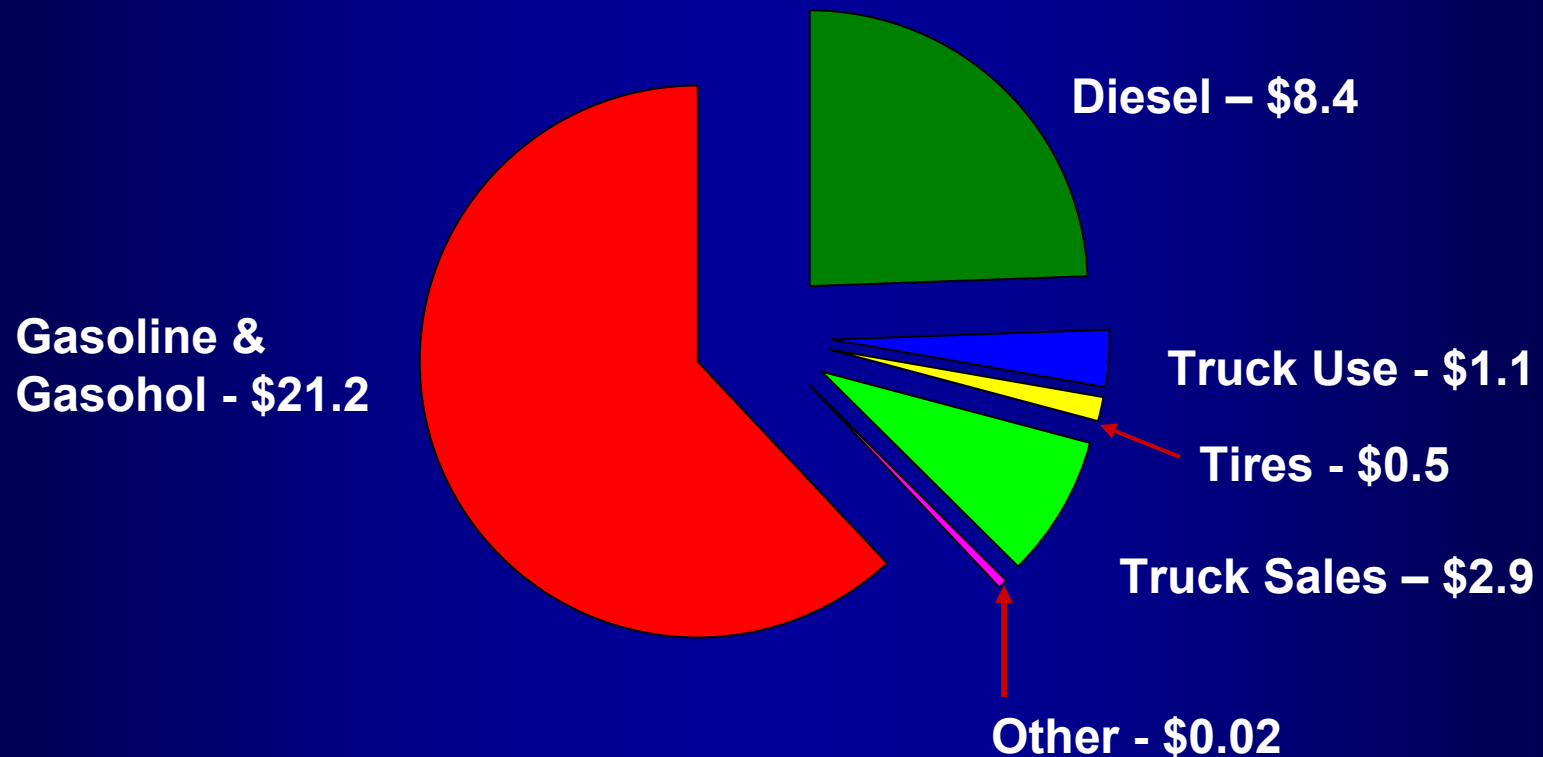
- ✓ Provided authorizations for FY 1957 to 1969
- ✓ Established Trust Fund to collect revenue to pay for the authorizations, FY 1957 to 1972

## *SAFETEA-LU*

- ✓ Extended authorizations for FY 2005 to 2009
- ✓ Extended Trust Fund taxes through FY 2011

# Highway Trust Fund Income\*

## Highway Account – FY 2005



**Total = \$34.1 Billion**

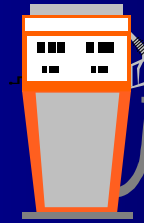
\*Prior to transfers & refunds

# Federal Gasoline Tax

**0.1 cent**

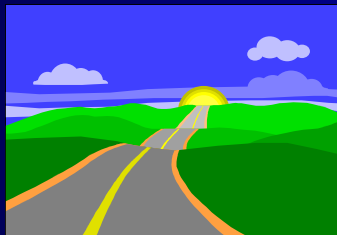
L.U.S.T.  
Trust Fund

**18.4 cents**



**15.44 cents**

Highway Account



**2.86 cents**

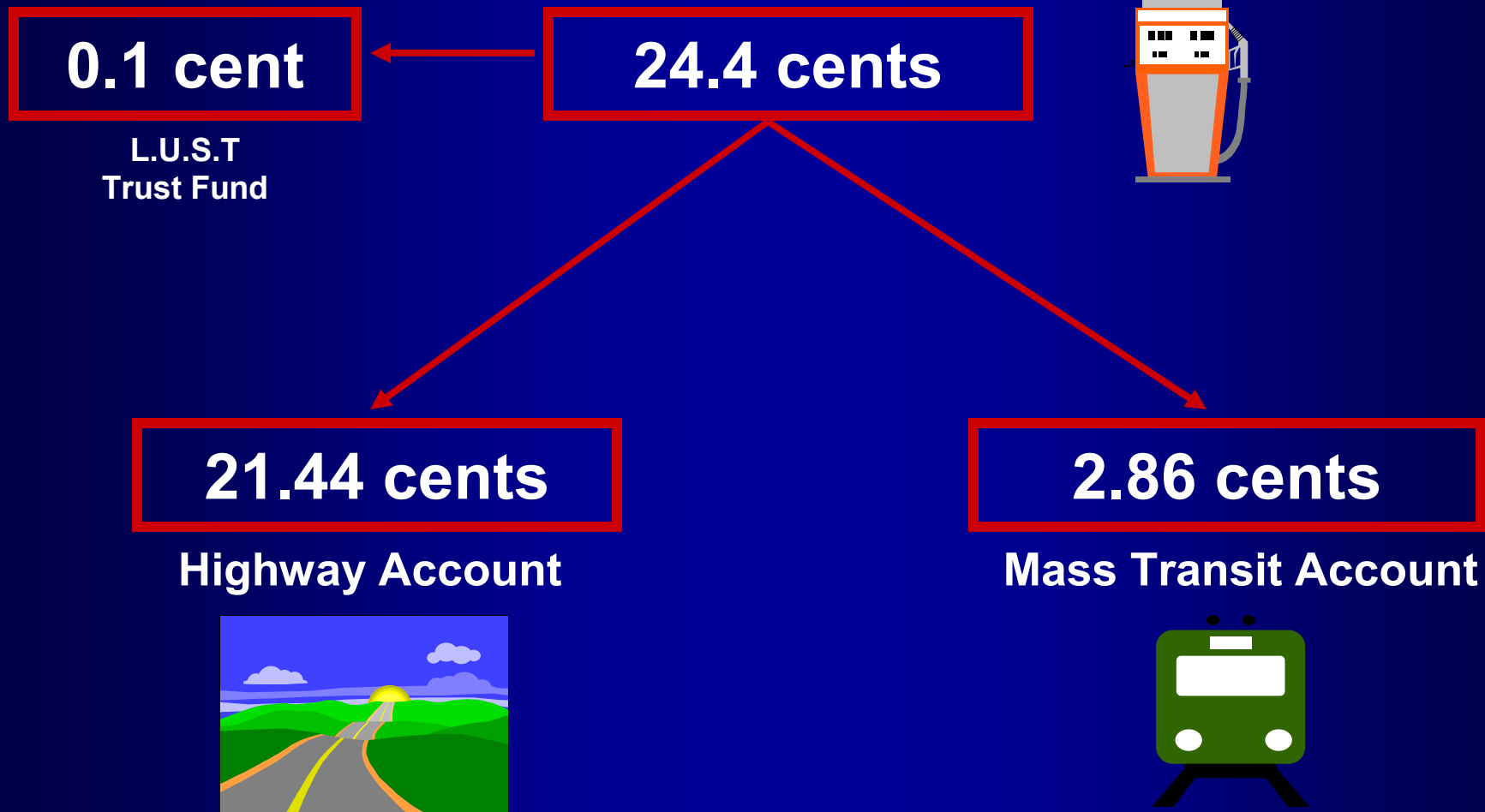
Mass Transit Account



Effective October 1, 1997

In cents per gallon

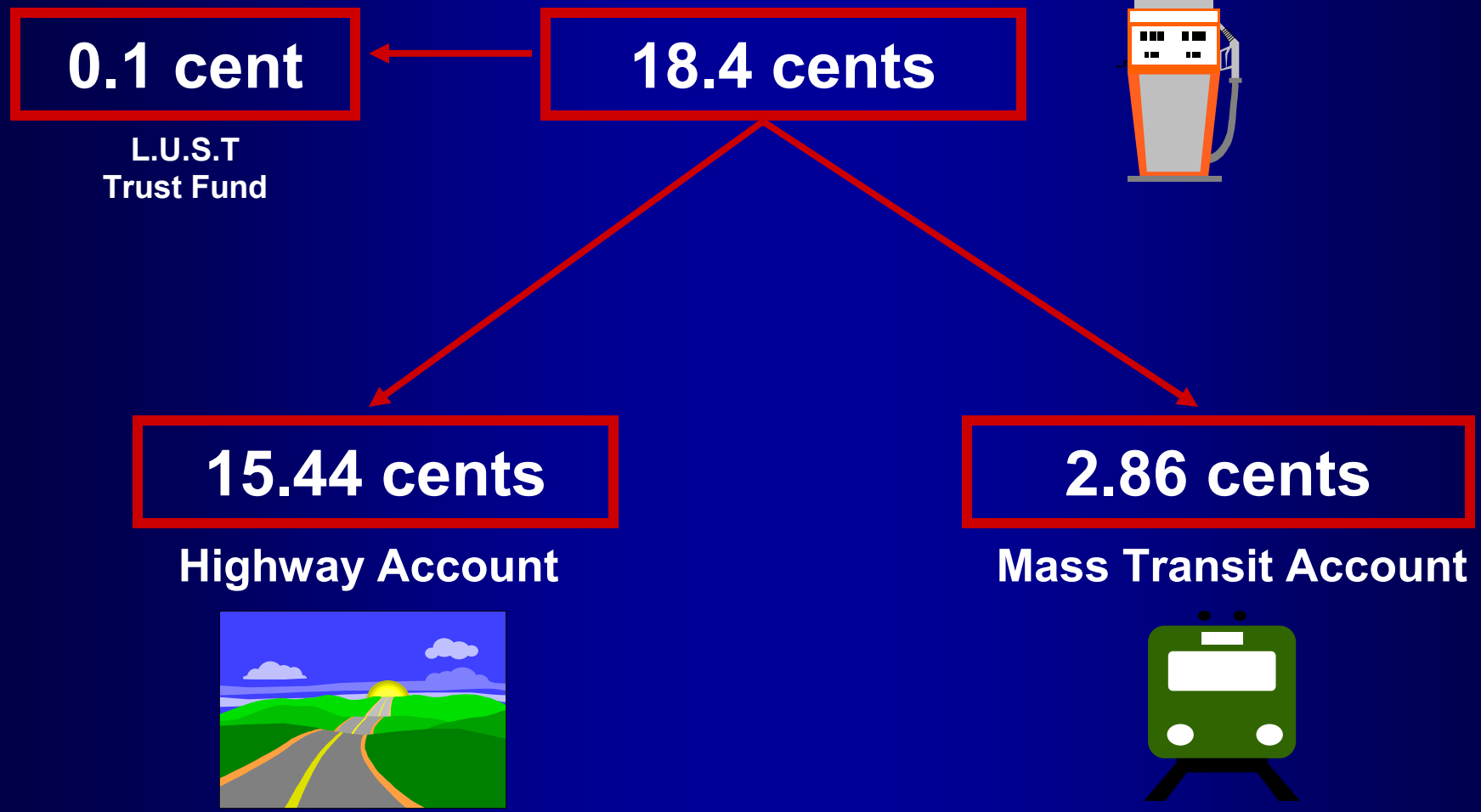
# Federal Diesel Tax



Effective October 1, 1997

In cents per gallon

# Federal Tax on 10% Gasohol



Effective January 1, 2005

In cents per gallon

# Other Fuels

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- ✓ **Currently taxed at energy equivalent rate to gasoline**
  - ✓ **Liquefied Petroleum Gas (Propane, Butane)**
  - ✓ **Liquefied Natural Gas**
  - ✓ **Methanol from natural gas (M85, M100)**
- ✓ **Effective 10/1/2006 LPG increased to full gasoline rate and LNG to full diesel rate; CNG to energy equivalent rate to gasoline.**

# Federal Truck User Taxes

**Truck Sales:** 12% of retail price for trucks over 33,000 lbs or trailers over 26,000 lbs GVW

<b>Truck Use:</b>	Up to 55,000 lbs	No tax
	Over 55,000 lbs	\$100 + \$22/1000 lbs over 55,000 \$550 maximum

**Tires:** 9.45 cents for each 10 pounds exceeding 3500 lbs maximum rated load capacity (4.725 cents for bias-ply or super single tire)

Effective January 1, 2005



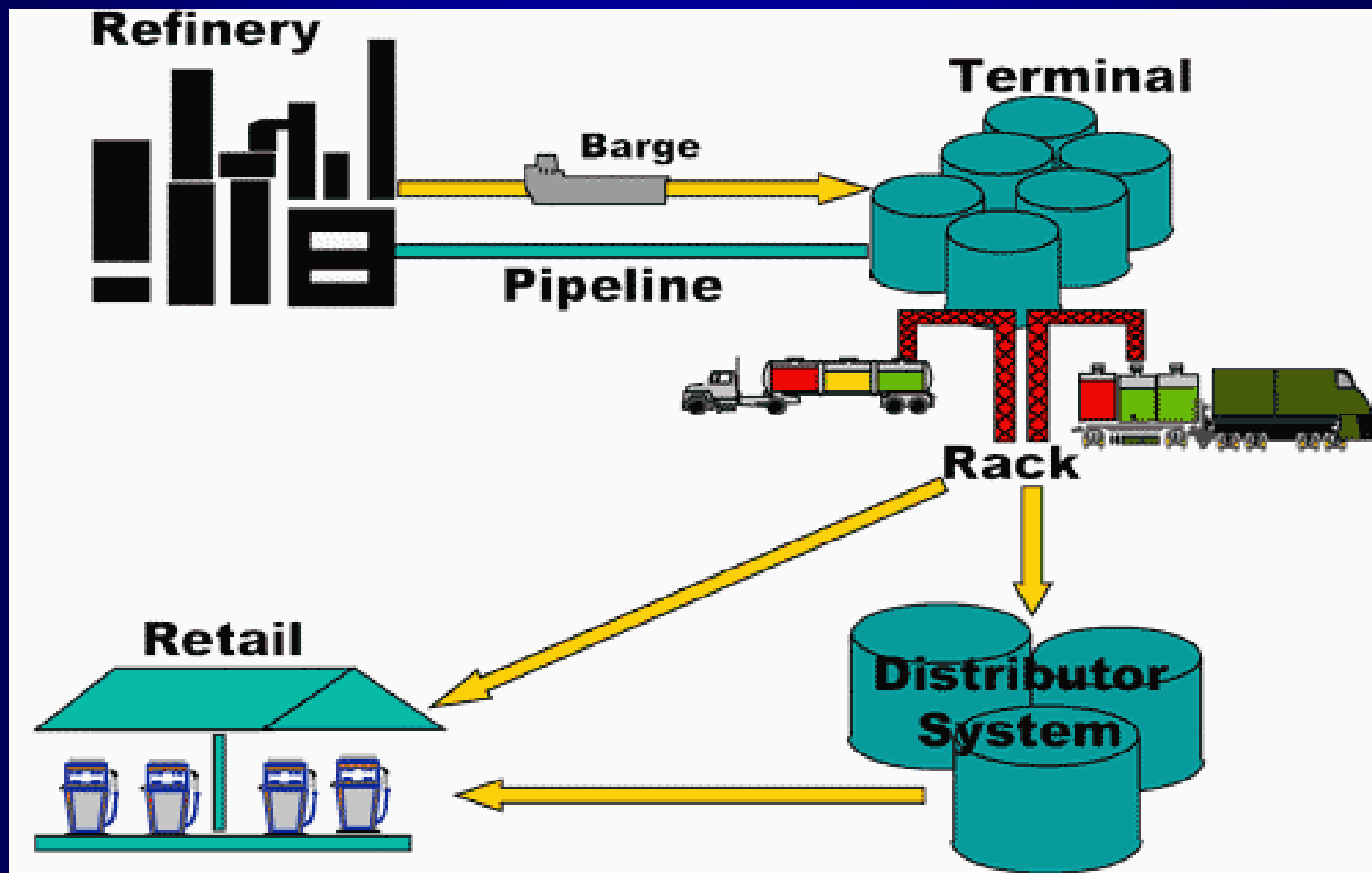
# How Taxes Are Collected

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## *All taxes collected by the IRS*

- ✓ Fuel taxed at the terminal rack-paid by the “position holder” (seller)
- ✓ Truck sales tax paid by the retailer
- ✓ Truck tire tax paid by the manufacturer
- ✓ Quarterly returns, but twice monthly estimated payments required
- ✓ Heavy vehicle use tax paid *annually* by the vehicle owner

# Fuel Distribution System



# How Taxes Are Deposited

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- ✓ Quarterly tax returns, but estimated payments due twice monthly if liability > \$2,500
- ✓ Payments usually made electronically and deposited in General Fund of the Treasury
- ✓ Most taxpayers determine their estimated payments based on safe harbor rules.
- ✓ Estimated tax payments are identified only as excise taxes of which there are more than 50 different types.

# How Taxes Are Deposited

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- ✓ Initial distribution to trust funds & General Fund made by Treasury based on the historic allocation of the taxes.
- ✓ After quarterly tax returns are filed and processed, the amounts deposited are adjusted.
- ✓ Adjustment is posted to the current month.

# Fuel Tax Refunds and Credits

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- ✓ **Certain users and/or uses of fuel are exempt from tax.**
- ✓ **Fuel taxed before it reaches the end user, so need to issue refunds for an exempt use.**
- ✓ **User files for refunds, quarterly unless small amount.**
- ✓ **In some cases, exempt user can assign his refund right to the seller (ultimate vendor) and buy at a tax excluded price.**

# Exempt Uses/Users

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- ✓ **Exempt Users: State and local governments, charitable and educational institutions.**
- ✓ **Exempt Uses:**
  - ✓ **Used on farm**
  - ✓ **Mass transit**
  - ✓ **Off-highway diesel**
  - ✓ **Off-highway business use of gasoline**
  - ✓ **Intercity buses (partial exemption)**