TESTIMONY OF
Carlos M. Braceras, P.E.
Executive Director
Utah Department of Transportation
Member of the Board of Directors and Past President
American Association of State Highway and Transportation Officials

REGARDING
America Builds: The Need for a Long-Term Solution for the Highway Trust Fund

BEFORE THE
Subcommittee on Highways and Transit of the
Committee on Transportation and Infrastructure of the
United States House of Representatives

ON
Tuesday, April 29, 2025

INTRODUCTION

Chair Rouzer, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to appear today at this important hearing on America Builds: The Need for a Long-Term Solution for the Highway Trust Fund.

My name is Carlos Braceras, and I serve as Executive Director of the Utah Department of Transportation (UDOT) and on the Board of Directors of the American Association of State Highway and Transportation Officials (AASHTO). I also served as AASHTO President from 2018 to 2019. AASHTO represents the state departments of transportation (state DOTs) of all 50 states, the District of Columbia, and Puerto Rico. In addition to serving as a past AASHTO President, I am also Chair of the AASHTO Agency Administration Managing Committee and Chair of the Technical Working Group of the AASHTO Center for Environmental Excellence. I am also the past Chair for the AASHTO Committee on Design. I also serve on the National Academies of Science's Transportation Research Board Executive Committee and am a past Chair.

I first joined UDOT with degrees in engineering and geology in 1986. Before my appointment as the Executive Director in May 2013, I served as the Deputy Director for twelve years with previous experience as a Region Director, Major Project Manager, Chief Geotechnical Engineer, and Chief Value Engineer.

I would like to extend AASHTO's utmost gratitude to you and your colleagues on the House Transportation and Infrastructure Subcommittee on Highways and Transit (the Subcommittee) for your dedicated leadership on surface transportation policy and your oversight of Infrastructure Investment and Jobs Act (IIJA) implementation. As AASHTO members look forward to the reauthorization of surface transportation programs prior to the IIJA's expiration in September 2026, state DOTs appreciate the sound policy and stable funding provided through this multiyear bill. The federally-assisted state-administered program and the formula-based funding that underpins the surface transportation bill remains foundational to the work of every single state DOT in meeting the goals of our country and improving safety, mobility, and access for everyone as articulated in AASHTO's 2021-2026 Strategic Plan.

The IIJA's highway formula funds are vital to the federal surface transportation system, enabling us to strategically improve outcomes. These federal funds, combined with Utah's robust state-funded program, are significantly benefiting all of our state's citizens. I would like to share an example of how the IIJA is supporting UDOT's mission to enhance quality of life through transportation. As an engineer, the example I am most appreciative of is the Bridge Formula Program, which has been one of the most valuable elements of IIJA for Utah. We have identified 90 bridges for improvements, which we prioritized with a goal to address as many bridges owned by local governments as possible–of the 90 bridges prioritized, 76 are locally-owned. Without the Bridge Formula Program, many of these bridges would not be improved for quite some time. However, after implementation of the five-year IIJA Bridge program, all

bridges that were in poor condition at the time of prioritization will be addressed. This will result in increased safety and accessibility in locations where needs are high and resources are short.

In determining how to sustain foundational federal investment throughout the country upon the IIJA's expiration next year, today's hearing is an important example of Congress's oversight responsibilities. As the owners and operators of transportation infrastructure in every corner of the country, UDOT and the other state DOTs appreciate the opportunity to offer our perspective on this vital issue.

AASHTO's VISION AND CORE POLICY PRINCIPLES FOR REAUTHORIZATION

To inform your crucial work on surface transportation reauthorization, I want to point out that earlier this month, AASHTO's Board of Directors unanimously adopted the state DOTs' collective vision and core policy principles for the upcoming bill. Our vision calls for a world-class transportation system that supports and strengthens the nation's transportation infrastructure for a strong economy with improved safety and mobility. We believe achieving this vision requires the following:

- Federal funding stability: Stable federal funding is necessary to keep the pipeline of planned investments in transportation improvements, maintenance, and operations moving forward; a disruption to this stability will translate into project delays that increase costs resulting in fewer projects per dollar.
- Formula-based federal funding paired with state contributions: This approach to federal funding reflects the proven federal-state commitment that ensures the flexibility necessary for each state to best meet its unique investment needs.
- Current funding levels plus inflation must be the baseline: The baseline for the next bill must grow from current levels and keep up with inflation to advance safety and mobility in a meaningful way.
- User pay principles for all vehicles: Congress should ensure all vehicle types pay their fair share to fund transportation and to sustain the Highway Trust Fund.

AASHTO's Core Policy Principles are as follows:

1. Prioritize formula-based federal funding to states.
    - Congress should prioritize formula funding for core federal highway and transit programs that optimally balance national goals with state and local decision making, including the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, National Highway Freight Program, Congestion Mitigation and Air Quality Improvement, and Bridge Formula Program.
    - Congress should strengthen the federally-assisted state administered program by allowing maximum transferability among formula program categories, without federal approval, to ensure the right project can be funded at the right time.

- Congress should increase the formula-based program's share of the Federal-aid Highway Program to 95% to support faster and more effective delivery of projects that go through the state and local planning process.
- Congress should consolidate programs that have similar policy objectives and allow states and local governments flexibility to optimize delivery. Such programs include Carbon Reduction, Transportation Alternatives Set-aside, PROTECT, and National Electric Vehicle Infrastructure formula programs.
- In addition to prioritizing formula funding, Congress should reserve discretionary grants only for projects of utmost federal interest.

2. Improve project delivery and program administration by increasing flexibility, simplifying environmental regulations, and reducing program burdens.
   - Congress should eliminate or reduce all federal regulatory and programmatic burdens that are not explicitly required in law including performance measures.
   - Congress should support interested states who want to assume more federal responsibilities and the associated accountability.
   - Congress should direct executive branch agencies to fully implement One Federal Decision to speed up the review timeline for projects and improve accountability for all parties involved in a project.
   - Congress should modernize the NEPA process, rules, and definitions such as "major projects" and "federal actions" to better align federal resource agencies' review and permitting actions that improve transportation and environmental outcomes while reducing delays.
   - Congress should support grandfathering environmental documents under development from new environmental regulations or listings that occur during the existing review process, such as consideration of updated listing of new endangered species after all consultations were previously completed.

3. Create a more safe, resilient, and efficient future by supporting state DOTs' ability to harness innovation and technology.
   - Congress should expand eligibility to fund technology and institute procurement flexibility across all modes with an emphasis on the safe and efficient movement of people and goods.
   - Congress should sustain support for research, development, and technology transfer activities that drive innovation for state DOT programs across the country.
   - Congress should call for collaborative industry consideration of governance frameworks and standards for seamless infrastructure and vehicle connectivity.

I am very supportive of AASHTO's vision and core policy principles concerning the upcoming surface transportation reauthorization bill. I would like to highlight the importance of prioritizing formula funding over discretionary funding.

While the IIJA has introduced many competitive discretionary funding programs, these have, at times, caused administrative inefficiencies at the federal, state, and local levels.

Formula funding offers administrative efficiency and the predictability essential for effective infrastructure planning. Furthermore, these funds enable Utah to allocate resources according to our local needs and priorities. I believe the next reauthorization bill should prioritize formula-based funding while limiting discretionary funding.

I view discretionary funding as a windfall—beneficial but unreliable. Discretionary grant programs are most effective in targeted circumstances and should be used for projects that align with established goals, which have been identified through collaborative long-range planning with local governments. Utah's FrontRunner 2X Project, which aims to expand our commuter rail capacity by adding tracks in strategic locations, is a prime example. This project aligns with Utah's long-range transportation plan, is necessary to address the mobility needs for our fast-growing urban population and would meet a critical need for the 2034 Winter Olympics. To ensure its timely completion, UDOT has applied for a discretionary grant through the Capitol Investment Grant Program. Targeting discretionary grants toward projects that align with established goals would allow an increased focus of funds on formula-based funding, offering states the greatest opportunity for sustainable infrastructure development.

IMPORTANCE OF THE HIGHWAY TRUST FUND

In 1956, Congress created the Highway Trust Fund (HTF) as part of the Highway Revenue Act of that year. It serves today as the primary mechanism by which the federal government provides resources to states, local governments, and transit agencies for highway and transit investments. The sources of revenue into the HTF fall into two categories: (1) motor vehicle fuel taxes on gasoline (18.4 cents per gallon) and diesel (24.4 cents per gallon); and (2) various fees related to heavy truck use. Motor fuel taxes account for the vast majority of revenue into the HTF, at approximately 90% of HTF receipts. Other revenues (not based on motor fuel consumption) account for only about 10% of HTF receipts.

The HTF has several key policy features from its inception almost 70 years ago. It is based upon the important "user pays" principle, which ensures federal highway users pay for the roads. It also ensures these user fees are used specifically for transportation purposes—as regularly defined and updated by Congress—through the application of "budgetary firewalls" that prevent the diversion of revenues to non-transportation activities. The historical predictability and reliability of HTF revenues supporting multiyear capital investments has enabled the federal surface transportation funding program to serve as an ideal means for supporting state DOTs, local governments, and transit agencies throughout the country.

Resources from the HTF are provided in the form of contract authority, a unique federal budgeting mechanism that allows for the obligation of funds without the need for an annual appropriation. Instead, the appropriations process provides the authority to liquidate (i.e., pay) these obligations. Federal surface transportation authorization legislation provides contract authority on a multiyear basis, with the IIJA providing it for

five years from fiscal year 2022 through fiscal year 2026. Providing annual contract authority levels at the beginning of the five-year authorization timeline allows state DOTs to plan and manage their programs of transportation projects, giving them the much-needed certainty and stability to effectively and efficiently fund transportation investments. **This certainty and stability allow states to be strategic in their investments. Utilizing a sophisticated asset management business approach to program the *right* project at the *right* time allows for better outcomes: increased safety, better asset conditions, and lower cost of asset ownership.**

While the HTF provided stable, reliable, and substantial highway and transit funding for decades, this is no longer the case. Since 2008, the HTF has been sustained through a series of General Fund transfers. With the transfer of $118 billion into the HTF to pay for the IIJA, the total amount transferred now stands at over $275 billion. While state DOTs are grateful for past efforts to supplement the HTF with General Fund transfers, this is not a viable long-term solution. Upon expiration of the IIJA, states will be left uncertain about how to plan for projects in the future.

According to the January 2025 Congressional Budget Office (CBO) baseline, this year's HTF spending is estimated to exceed receipts by $29.4 billion, with this annual gap growing to $50 billion by 2035. If Congress were to reauthorize federal transportation programs for five years after the expiration of the IIJA, just to maintain current investment levels from HTF adjusted for inflation, CBO estimates the gap between necessary revenue into the HTF and five-year expenditures from it would be roughly $142 billion. The IIJA was unique because it also provided a substantial amount of crucial transportation funding through advance appropriations from the General Fund. Sustaining this funding will require about $195 billion in additional resources in the next five-year bill.

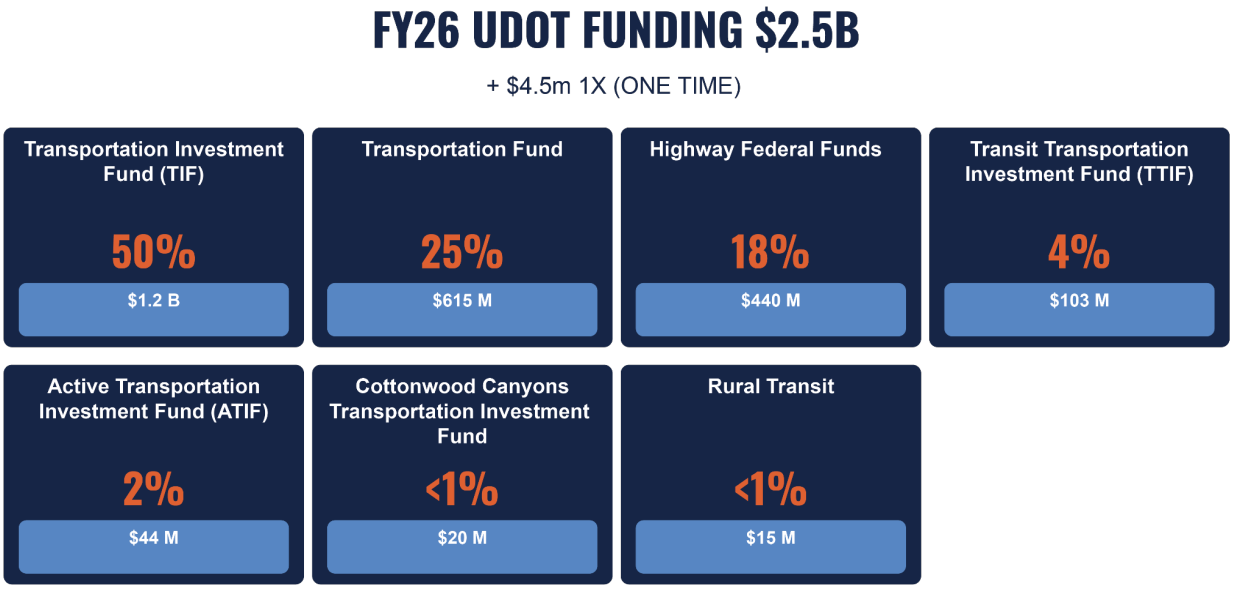
As we near the end of the IIJA, every state is in the position of making assumptions regarding anticipated federal funding after fiscal year 2026. Every state has a multiyear State Transportation Improvement Program (STIP) that includes all of the projects we anticipate delivering over the programmed period of time. Each state will be making their own unique assumptions. In Utah, our currency is trust. We look at the STIP as a promise made to our citizens, and we are very proud that we deliver our projects on time and within budget. Having them in the fiscally constrained STIP is what allows us to do that. During our current programming cycle, we are making the assumption that the federal program will be flat after FY 2026 because we do not know what reauthorization will look like. We do not want to make commitments that we may not be able to deliver. That is why a timely long-term authorization is so important.

The funding provided from the IIJA continues to play a critical role in allowing every state and community across the country to address their immediate and longstanding transportation needs. State DOTs and their partners in the transportation industry do everything in their power to deliver needed priority projects as quickly as possible, but due to the nature of large capital programs, many of the projects take several years to

complete. We cannot emphasize enough the need for stable and predictable funding from the HTF that makes it possible for state DOTs to strategically plan their transportation programs, especially when they include large projects that need a reliable flow of funding over multiple years. These projects are what connect people, enhance quality of life, and stimulate economic growth in each community where they are built.

Utah was the fastest growing state in the country over the past 10 years, placing rapidly increasing demands on our transportation system. Our ability to provide the necessary additional roadway capacity is being outpaced by population growth, so the pressure to deliver capital projects is urgent and acute. We are in the enviable position of having State leaders that understand the value of transportation infrastructure investment, so we have a healthy state-funded budget for capacity projects. However, an effective transportation system also requires a proactive approach to maintenance and operations. In Utah, we depend on a reliable funding program for road and bridge maintenance and repairs and safety projects as a critical piece of our overall funding approach. I believe that Utah is an ideal model as a partner with the federal government because we bring substantial state funding to the critical federal-state partnership.

Figure 1: Utah Transportation Funding Snapshot



Source: UDOT Strategic Direction (https://udot.utah.gov/strategic-direction/)

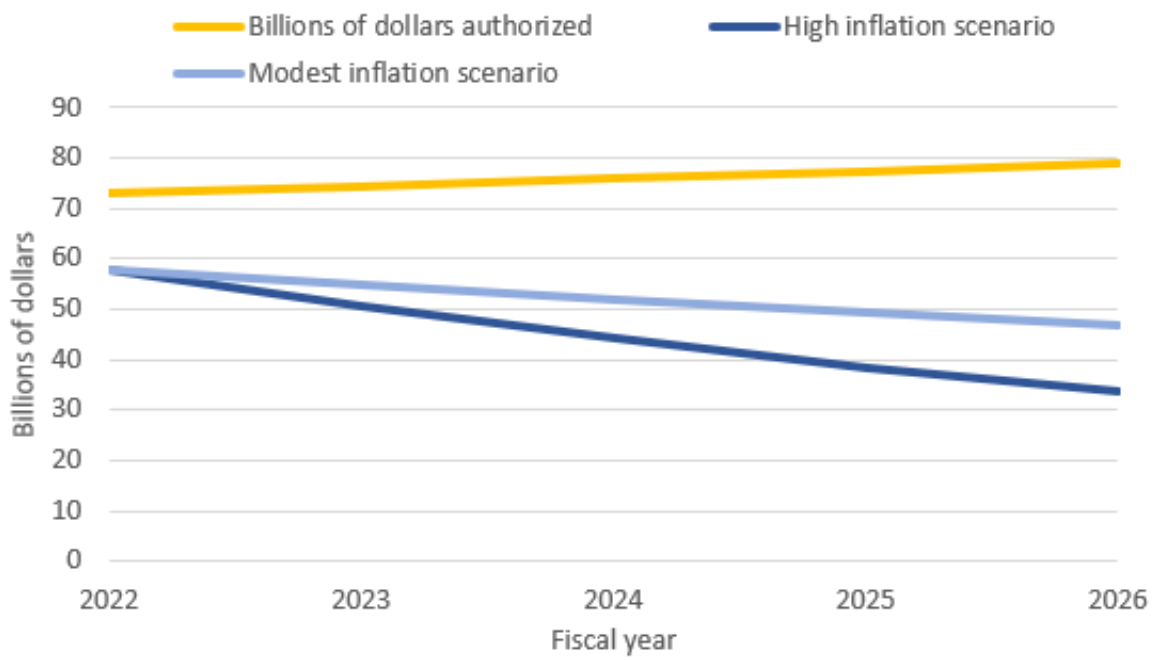
THE IMPACT OF INFLATION

A major challenge for state DOTs since the IIJA's enactment in November 2021 has been inflation—both in terms of how much each dollar can buy in transportation expenditures, and in the decades-long loss of purchasing power of the federal gas tax.

At its outset, the level of funding authorized in the IIJA was often described as "historic, or generational" including its $673.8 billion in transportation funding for roads, bridges, transit, airports, ports, and rail. Of that $673.8 billion, the largest share—or $379.3 billion—was for highway infrastructure, with roughly 20% of the total highway allocation to be distributed in each of the five fiscal years from 2022 through 2026.

State DOTs are grateful for this funding. However, since the first year of the IIJA, the nation as a whole—and the transportation sector in particular—have experienced a significant loss of purchasing power due to inflation. According to USDOT's Bureau of Transportation Statistics (BTS), their "modest inflation" scenario for the IIJA estimates a 31% loss in purchasing power for the total of its five fiscal years from fiscal 2022 to 2026, reducing the $379.3 billion in nominal dollars for highways to $260.5 billion in real dollars. The BTS's "high inflation" scenario estimates a 40% loss in purchasing power of IIJA funding, reducing $379.3 billion in nominal dollars to $224.2 billion in real dollars. It should be noted that the nominal increase in formula funding to states from the last year of the FAST Act to the first year of the IIJA was 31%—which translates to essentially standing still in terms of purchasing power under the BTS's "modest inflation" scenario or experiencing a 9% loss under the "high inflation" scenario.

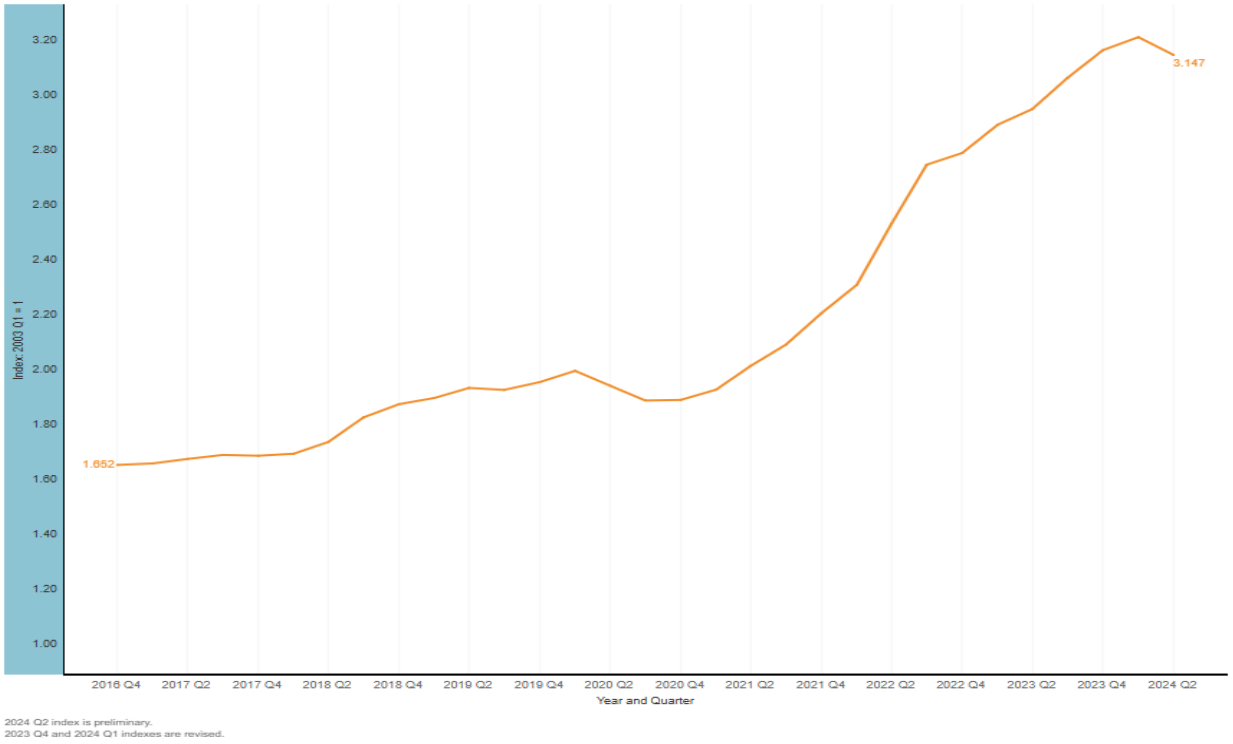
Figure 2: IIJA Funds Authorized for Highways by Fiscal Year and Amount Reduced by Construction Cost Inflation



Source: USDOT Bureau of Transportation Statistics, https://www.bts.gov/data-spotlight/increases-highway-construction-costs-could-reduce-bil-funding-allocated

Another sobering data point comes from the FHWA's National Highway Construction Cost Index, which shows a 70% increase between October 2020 and June 2024. According to the Eno Center for Transportation, since the end of 2020, the federal government has lost $61.5 billion of the value of its spending increases on roads and bridges due solely to increased construction costs.

Figure 3: National Highway Construction Cost Index: Seasonally Adjusted from 2016 Q3 to 2024 Q2



Source: Federal Highway Administration, https://www.fhwa.dot.gov/policy/otps/nhcci/

.

This substantial construction cost inflation has occurred while the purchasing power of HTF revenues continues to decline substantially. Federal fuel taxes are flat, per-gallon excise taxes that have not been adjusted since 1993 and thus have lost more than half of their value over the last 35 years. This loss of purchasing power is especially stark when compared to the costs of other basic goods and services during the same period.

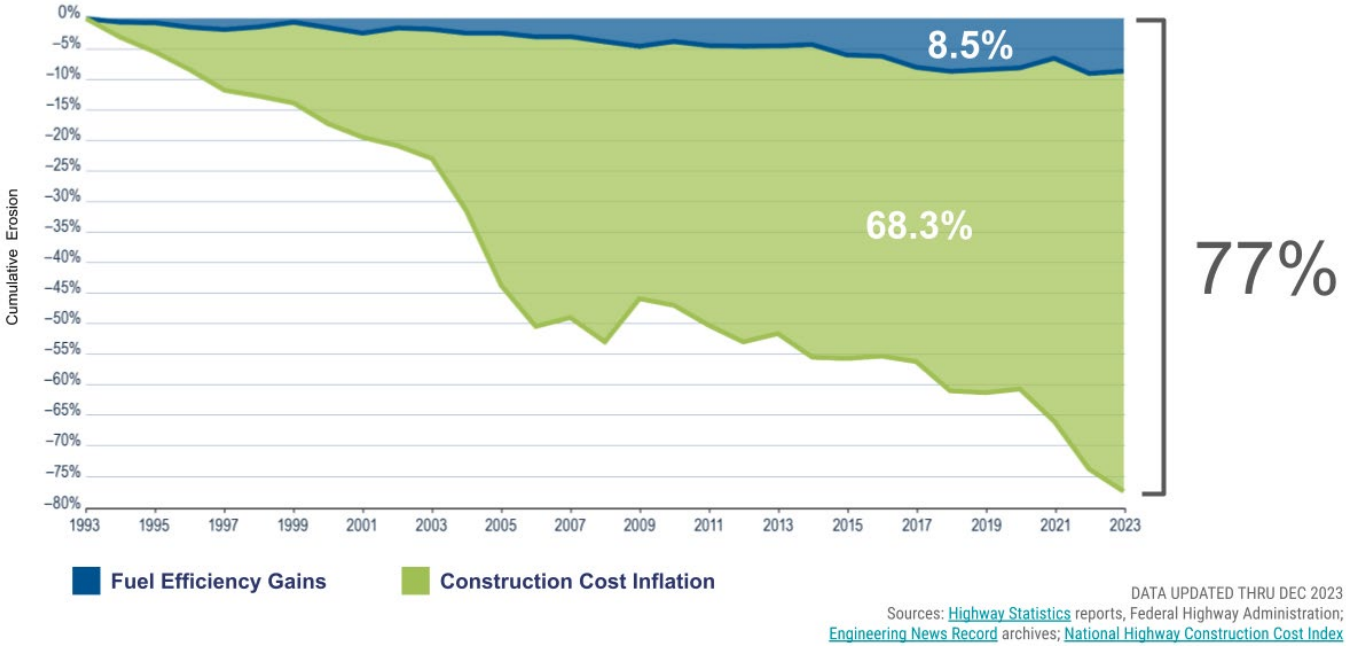
Figure 4: Sample of Nominal Price Changes Relative to Federal Gas Tax

Item	Desciption	1993	2024	Percent Change
College Tuition	Average Tuition & Fees at Public 4-year Universities	$ 1,908	$ 15,660	**721%**
Eggs	Average Price of One Dozen	$ 0.90	$ 4.95	**450%**
Healthcare	National Expenditure Per Capita	$ 3,402	$ 14,570	**328%**
House	Median New Home Price	$ 118,000	$ 419,200	**255%**
Gas	Per Gallon	$ 1.08	$ 3.52	**226%**
Bread	Per Pound of White Bread	$ 0.75	$ 2.02	**169%**
Beef	Per Pound of Ground Beef	$ 1.97	$ 5.21	**164%**
Income	National Median Household	$ 31,241	$ 80,610	**158%**
Stamp	One First-Class Stamp	$ 0.29	$ 0.73	**152%**
Electricy	Per kWh	$ 0.09	$ 0.17	**80%**
Federal Gas Tax	Per Gallon	$ 0.18	$ 0.18	**0%**

Sources: College Board; US Bureau of Labor Statistics; US Bureau of Economic Analysis, US Bureau of Labor Statistics, US Census Bureau, Centers for Medicare & Medicaid Services College Board, US Energy Information Administration, US Postal Service

Utah has not been immune to these significant construction cost increases. We typically program for project costs to increase between 4% and 5% annually. However, the recent rate of inflation has far exceeded the norm. In 2021, we saw construction costs increase by 16%, followed by a 12% increase in 2022 and an 8% increase in 2023. In 2024, costs returned to the 5% to 6% range. Our current six-year program includes over $9.5 billion in projects, and inflation has impacted the costs for all of them. To manage these cost increases, we have had to delay projects unless new funding became available. Delaying projects decreases the benefits to the public, as timely project delivery is essential for realizing the safety and mobility benefits of these projects.

Figure 5: National Fuel Tax Purchasing Power Erosion



OPTIONS FOR ADDRESSING THE FUTURE HIGHWAY TRUST FUND FUNDING GAP

Should Congress wish to address the HTF revenue gap, which AASHTO strongly urges this body to do, there is no shortage of technically feasible tax and user fee options that Congress could consider to generate additional HTF revenue. Three broad categories of revenue for the HTF exist:

- Raising or indexing the rates of existing HTF revenue streams such as the excise tax on gasoline and diesel, user fees on heavy vehicles, and sales taxes on trucks, trailers, and truck tires;
- Identifying and creating new federal revenue sources for the HTF, including, for example, imposing an annual fee on electric and hybrid vehicles or a tax on alternative fuels such as electricity; and
- Redirecting revenue generated by existing federal sources into the HTF, including, for example, customs duties, income taxes, and other revenues from the General Fund.

The following is a matrix that demonstrates the breadth of potential HTF revenue mechanisms, including a column that shows an illustrative rate or percentage increase and the associated revenue yield estimated.

.

Figure 6: Matrix of Illustrative Surface Transportation Revenue Options

Existing Highway Trust Fund Funding Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	$ in Billions	
			Assumed 2018 Yield*	Total Forecast Yield 2019–2023
Existing HTF Funding Mechanisms				
Diesel Excise Tax	20.0¢	¢/gal increase in current rate	$8.8	$42.2
Gasoline Excise Tax	15.0¢	¢/gal increase in current rate	$21.8	$102.1
Motor Fuel Tax Indexing of Current Rate to CPI (Diesel)	--	¢/gal excise tax		$3.7
Motor Fuel Tax Indexing of Current Rate to CPI (Gas)	--	¢/gal excise tax		$8.8
Truck and Trailer Sales Tax	20.0%	increase in current revenues, structure not defined	$0.6	$4.2
Truck Tire Tax	20.0%	increase in current revenues, structure not defined	$0.1	$0.5
Heavy Vehicle Use Tax	20.0%	increase in current revenues, structure not defined	$0.2	$1.2
Other Existing Taxes				
Minerals Related Receipts	25.0%	increase in/reallocation of current revenues, structure not defined	$0.6	$3.4
Harbor Maintenance Tax	25.0%	increase in/reallocation of current revenues, structure not defined	$0.4	$1.9
Customs Revenues	5.0%	increase in/reallocation of current revenues, structure not defined	$1.9	$10.3
Income Tax - Personal	0.5%	increase in/reallocation of current revenues, structure not defined	$5.3	$28.4
Income Tax - Business	1.0%	increase in/reallocation of current revenues, structure not defined	$1.7	$8.9
License and Registration Fees				
Drivers License Surcharge	$5.00	dollar assessed annually	$1.1	$6.1
Registration Fee (Electric Light Duty Vehicles)	$100.00	dollar assessed annually	$0.0	$0.2
Registration Fee (Hybrid Light Duty Vehicles)	$50.00	dollar assessed annually	$0.2	$1.3
Registration Fee (Light Duty Vehicles)	$5.00	dollar assessed annually	$1.3	$6.8
Registration Fee (Trucks)	$100.00	dollar assessed annually	$1.2	$6.3
Registration Fee (All vehicles)	$5.00	dollar assessed annually	$1.3	$7.1

.

Weight and Distance Based Fees				
Freight Charge—Ton (Truck Only)	10.0¢	¢/ton of domestic shipments	$1.1	$5.8
Freight Charge—Ton (All Modes)	10.0¢	¢/ton of domestic shipments	$1.3	$7.1
Freight Charge—Ton-Mile (Truck Only)	0.5¢	¢/ton-mile of domestic shipments	$10.1	$54.2
Freight Charge - Ton-Mile (All Modes)	0.5¢	¢/ton-mile of domestic shipments	$21.6	$115.9
Transit Passenger Miles Traveled Fee	1.0¢	¢/ passenger mile traveled on all transit modes	$0.6	$3.2
Vehicle Miles Traveled Fee (Light Duty Vehicles)	1.0¢	¢/LDV vehicle mile traveled on all roads	$29.1	$155.7
Vehicle Miles Traveled Fee (Trucks)	1.0¢	¢/truck vehicle mile traveled on all roads	$2.9	$15.7
Vehicle Miles Traveled Fee (All Vehicles)	1.0¢	¢/ vehicle mile traveled on all roads	$32.0	$171.5
Sales Taxes on Transportation Related Economic Activity				
Freight Bill - Truck Only	0.5%	percent of gross freight revenues (primary shipments only)	$3.8	$20.2
Freight Bill - All Modes	0.5%	percent of gross freight revenues (primary shipments only)	$4.6	$24.8
Sales Tax on New Light Duty Vehicles	1.0%	percent of sales	$2.8	$14.9
Sales Tax on New and Used Light Duty Vehicles	1.0%	percent of sales	$4.2	$22.4
Sales Tax on Auto-related Parts & Services	1.0%	percent of sales	$2.7	$14.4
Sales Tax on Diesel	2.0%	percent of sales (excluding excise taxes)	$1.5	$7.9
Sales Tax on Gas	2.0%	percent of sales (excluding excise taxes)	$5.2	$28.0
Tire Tax (Light Duty Vehicles)	1.0%	of sales of LDV tires	$0.3	$1.4
Sales Tax on Bicycles	1.0%	percent of sales	$0.1	$0.3
Other Excise Taxes				
Container Tax	$15.00	dollar per TEU	$0.7	$4.0
Imported Oil Tax	$2.50	dollar/ barrel	$4.5	$23.9

** Assumed yield in 2018 or the latest year data is available.*

STATE INNOVATIONS TO ADDRESS TRANSPORTATION FUNDING SHORTAGES

Just as the HTF relies primarily on the fuels tax, states have long derived a large portion of their road funding from the gas tax. However, the gas tax at the state level also continues to be eroded due to inflation along with the growing use of fuel-efficient vehicles.

Since 2016, over two-thirds of all states and the District of Columbia have enacted legislation to increase their transportation revenues. These actions have included raising the rates of existing transportation taxes or fees; indexing revenues so they automatically track with inflation or rising construction costs; and establishing a wide variety of new revenue sources. AASHTO's Transportation Governance and Finance report (3rd edition), published in 2022, found over 100 sources of revenue in place at the state level just to support roads and bridges.

In 2003, the Utah Legislature recognized that fuel tax revenues were increasingly insufficient to support necessary investments in our transportation system, so they established a Transportation Planning Task Force. Among other funding mechanisms, the Task Force explored the possibility of a road usage charge program as a potential strategy to address the critical issue that fuel taxes are failing to meet the growing demand for additional transportation capacity and preserving the system assets. The decline in the effectiveness of the fuel tax stems from multiple factors, including: (a) continuous improvements to the fuel economy of motor vehicles in general; (b) increased adoption of electric, hybrid, and alternative fuel vehicles, which generate little

.

to no fuel tax revenue; and (c) inflation continuing to outpace the growth in fuel tax revenue year after year.

To address the inability of the fuel tax to raise sufficient revenue for our state transportation system, Utah has implemented the following policies:

- State Sales Tax Earmarks: A portion of state sales tax revenue is allocated to Utah's capacity program, starting at 8.3% in 2006 with incremental increases to an earmark of 27.68% in 2025.
- Fuel Tax Increases: The state raised fuel taxes from 19 cents per gallon in 1998 to 24 cents, and again in 2016 to 29 cents per gallon.
- Fuel Tax Indexing: Fuel taxes have been indexed to the Consumer Price Index since 2019. In 2025, fuel taxes increased to 38.5 cents per gallon.
- Motor Vehicle Registration Fee Increases and Indexing: Registration fees were increased multiple times between 1997 and 2009, with indexing beginning in 2009.
- Annual Fee for Alternative Fuel and Hybrid Vehicles: These fees were introduced in 2016. In 2025, electric vehicles paid $139, plug-in hybrids paid $60, and hybrids paid $23.
- Local Option Sales Taxes for Transportation: Utah's first local option sales tax, dedicated to public transit, was adopted in 1975. Currently, local governments can implement up to five local option sales taxes, totaling 1.25%, for various uses, including public transportation, highways, active transportation, and airports.

In Utah, we have come to the realization that there is not a silver bullet for funding transportation. We believe it takes a strong federal partnership, a variety of user fees, and sales tax or other general revenue sources. Each of these components play an important role that enables us to take care of what we have and to address the needs of our growing population.

The federal government is a critical partner in addressing transportation, and it should be noted that federal transportation funding does not displace or discourage state and local investment. In fact, as evidenced by significant transportation infrastructure investment needs, further strengthening and reaffirmation of the federally assisted, state-implemented foundation of the national program is even more critical now than in the past.

USER BASED FUNDING APPROACH

As the revenue yield from fuel taxes has decreased, interest continues to grow in potential user-pays approaches that charge people based on how many miles they drive rather than how much fuel they buy. The gas tax was originally intended to serve as a user fee, but over time has become increasingly decoupled from usage as vehicles become less dependent on—or entirely independent from—petroleum fuel. A user-pays

funding model would realign the link between what you use and what you pay. Many terms are used for this type of user-pays system, including a vehicle miles traveled (VMT) fee, a mileage-based user fee (MBUF), and a road usage charge (RUC) as we call it in Utah. For the purposes of this discussion, I will use "road usage charge" as a term referring to the user-pay funding approach generally.

Recognizing the need for further demonstration, research, and testing of road usage charging models, in 2015 Congress established the Surface Transportation Systems Funding Alternatives (STSFA) program in the Fixing America's Surface Transportation (FAST) Act. At this juncture, 51 RUC-related pilots and studies in a number of states have been funded through the STSFA program. In addition, multistate and regional pilots on the East and West Coasts were completed with STSFA support. These pilots have garnered findings and lessons learned on topics such as reporting methods, account management, public acceptance, interoperability, and impacts on commercial vehicles, which will help inform the future of any mileage-based system.

The IIJA continued the exploration of road usage charges through two RUC programs: (1) the Strategic Innovation for Revenue Collection, a five-year, $75 million grant program for states, local governments, and metropolitan planning organizations to further study user-based funding models; and (2) the National Motor Vehicle Per-Mile User Fee Pilot, providing $50 million to conduct a national RUC pilot for up to 1,000 participants in each of the 50 states, the District of Columbia, and Puerto Rico. In addition, I am honored to serve as Chair of the Federal System Funding Alternative Advisory Board created as part of the IIJA to provide practical state DOT perspectives to inform the pilot program. The Board members have been named, and I hope that the Board will be activated soon.

The RUC holds many potential benefits, such as looking at the "market rate" to access crowded segments of the road network and helping to reduce excessive road wear. In addition, mileage fees for trucks could vary based on axle weight (for example, higher for trucks with fewer axles) and type of route (higher for travel on lightly engineered routes). This would encourage truckers to adopt trailer configurations designed to reduce axle loads and to travel, where possible, on heavily engineered highways or main arterials.

With that said, concerns have also been raised about the equity of the RUC compared to fuel taxes. A common perception has been that RUC is unfair to rural residents. States that have examined this issue have found that while rural residents tend to drive longer distances, they use less fuel-efficient vehicles to do so and thus pay more in gas tax—both in total and per mile—than urban residents. Rural residents likely wouldn't pay more than they do under a gas tax model, while urban residents—who tend to drive more efficient vehicles—would likely pay a little more. When it comes to ensuring privacy, a RUC can rely on metering options that provide no information about the location of travel, rely on a trusted third party to protect and secure private data, use technology with built-in privacy safeguards, and be supported by privacy legislation that

clearly distinguishes between permissible and impermissible uses of personal travel data—or a combination of the above.

In Utah, we implemented the nation's first operational statewide road usage charge (RUC) program in January 2020, applying and testing the principles and practices described earlier. Through this experience, we have gathered numerous lessons that we believe will benefit the national pilot, as we learned from states with prior RUC programs. Several key features of our program are designed to specifically address common concerns about potential road usage charge programs.

Our program currently applies only to electric vehicles, as they benefit from the highway system but do not contribute fuel tax revenue, ensuring fairness. Furthermore, participation in our program is opt-in. Electric vehicle owners can choose to pay a flat fee at vehicle registration, ensuring their contribution to the transportation system without mandatory RUC participation. While the program's parameters may evolve, we believe providing choice is crucial, especially in the initial implementation years. We also recognize that individuals have varying levels of comfort with data privacy, particularly concerning location information. Therefore, we offer multiple options for collecting and submitting mileage data, including the option to report only odometer readings. A national pilot, and any potential future nationwide program, should be developed with careful consideration. Our experience in Utah demonstrates that it is possible to effectively address challenges and concerns associated with the RUC model.

A RUC is a fair way to ensure that owners of all vehicles—including those that use little or no gas and thus pay little or no gas tax—pay for their use of the roads.

CONCLUSION

I believe it is clear to all policy makers that an effective transportation system is critical to our economy, mobility, health, and communities. It offers a huge lever to affect success, today and in the future. We can coalesce around a shared vision of providing people freedom to go where they want, when they want, how they want—and to do so safely. We connect people with what matters most: jobs, recreation, communities, healthcare, educational opportunities, and—most importantly—the people we care about. We connect people to these things through a travel experience that is frictionless: People don't even notice it because it just works.

Achieving a future world-class transportation system—essential for our nation's security and economic vitality—requires predictable revenue sources that keep up with inflation.

The current funding trajectory of the HTF—the backbone of the federal transportation surface transportation program—is declining and remains unsustainable. Given its foundational role in funding highway and transit investments in every corner of the country, AASHTO looks forward to assisting you and the rest of your House colleagues

in finding and implementing a viable set of revenue options for the HTF to ensure continued investment in our future through transportation.