Consumer Reports

Fact Sheet: Funding the Road Ahead

Fair, equitable, and consumer-friendly options for federal transportation funding

The federal gas tax hasn't changed since 1993, losing about 81% of its purchasing power while the cost of building and fixing roads continues to outpace general inflation. As policymakers strive to address out-of-control costs for transportation infrastructure, such as roads and bridges, it's also clear that they need to find new sources of revenue. Any new funding model must be fair, sustainable, and transparent, and Consumer Reports has developed recommendations for policymakers to consider.

The reality of the shortfall

- Electric vehicles and increased fuel economy are not the main drivers of federal highway funding shortfalls. Consumer Reports' analysis shows that EV drivers account for only about 2% of the current deficit. While it is important for EV drivers to contribute to the system, taxing them alone cannot solve structural problems with how we fund our roads and the ballooning costs to do so.

Why flat annual fees fall short

- Fixed fees are popular with policymakers because they avoid the administrative hurdles of measuring or tracking usage-based activity. Many states have turned to flat fees, such as annual EV registration fees, to address gaps in road funding, but these often result in an unfair deal – especially for seniors and young people, who typically drive about half as much as the average commuter but are forced to pay the same amount.
- Fixed fees also shift the financial burden away from commercially driven vehicles, such as delivery vans, robotaxis, and rideshares, which can drive up to 10 times as many miles as a personal vehicle. Additionally, requiring a large, lump-sum annual payment can create significant financial strain for households living paycheck to paycheck, and high fees can even drive up used car costs by forcing the early scrapping of older, infrequently driven vehicles.

Defining a "fair share"

- A fair funding system should be proportional to how much a driver actually uses the road. For context, the average American pays between $70 and $90 per year in federal gas taxes. Seniors and occasional drivers pay even less, averaging $40 to $50 annually. Proposals for a [$250 federal EV fee] are simply out of step with reality. This would mean EV owners would pay three times more than the average gas-car driver and six times more than the average gas-car senior driver. If an annual fee is placed on alternative fuel vehicles, it must be proportional to gas taxes paid by other drivers – adjusted based on government data on miles driven by key demographics such as age and income – and offer flexible payment options that are not burdensome for Americans.

Consumer Reports' 5 principles for fair transportation funding

Any new funding policy should be evaluated against these five principles:

1. **User pays proportional to impact:** Any user fees should reflect the actual impact a user or vehicle has on the system.
2. **Fairness between consumer and commercial vehicles:** Consumers should not be forced to subsidize commercial road users through inequitable funding schemes.
3. **Ease of collection:** User-related fees or taxes should be simple for drivers to pay, without imposing unnecessary administrative burdens.
4. **Privacy protection:** Any funding system should be designed to minimize the amount of consumer data collected and retained.
5. **Revenue stability:** Solutions should maintain revenue stability as vehicle fleets and fuel types change.

Read the Full Report

For a deeper dive into these principles and an evaluation of specific policy proposals (including vehicle miles traveled fees and EV charging taxes), access CR's full white paper here: **Funding the Road Ahead: Policies and Principles for Transportation Funding**.