TENNESSEE STATE TRANSPORTATION FUNDING

HOW IS TRANSPORTATION FUNDED IN TENNESSEE’S STATE BUDGET?

STATE HIGHWAY FUND
FY 2014-2015

- 31% state tax dollars
  - 46% $792 million
- 13% motor vehicle registrations
  - 217 million
- 51% federal dollars
  - 874 million
- 2% other state taxes
  - 42 million
- 2% other revenues
  - 42 million

$1.7 billion

Tennessee taxes on gas & fuel

STATE TAXES SHARED WITH CITIES & COUNTIES FOR TRANSPORTATION PROJECTS
FY 2014-2015

$297 million

The state dollars in the Highway Fund are collected via taxes on gas and fuel, motor vehicle registrations, and a small share of a handful of other state taxes. All other state tax dollars are dedicated to the General Fund, which funds nearly all of Tennessee’s non-transportation activities and programs, and shared with cities and counties.

THE HIGHWAY FUND OVER TIME

*FY 2008-2009 and subsequent years include one-time, multi-year federal funds provided by the Recovery Act.

CREATED BY THE SYCAMORE INSTITUTE | WWW.SYCAMOREINSTITUTE.TN.ORG
TENNESSEE’S GAS & FUEL TAXES OVER TIME

- **DID YOU KNOW?** Tennessee’s gas and fuel taxes are considered **excise taxes**, because they target a specific product, are levied as a fixed amount based on the quantity sold (i.e., cents per gallon), and are included in the price shown at the pump.

THE RATIO OF FEDERAL REVENUES TO STATE FUNDS OVER TIME

- For every $1.00 in federal revenues in the Highway Fund, $0.95 is contributed from state gas and fuel taxes, motor vehicle registrations, and other state revenue sources.

TRENDS

- **Due to inflation**, each 20¢ tax on a gallon of gas buys about half as much infrastructure construction as when the rate went into effect in 1989.

1989: $1.00  
TODAY: $1.38

- The **average fuel efficiency** of new cars, trucks, and SUVs manufactured for sale in the U.S. has improved over the years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>21 MPG</td>
</tr>
<tr>
<td>2016</td>
<td>26 MPG</td>
</tr>
</tbody>
</table>

A WORD OF CAUTION

- The data presented here only account for transportation funding that is in the state budget. They do not include any transportation spending that is done directly by the federal government or by local governments with their own revenues - including federal spending that flows through local governments.