

THE OUTLOOK AND IMPLICATIONS OF FUEL-EFFICIENT TECHNOLOGIES

Steve Simmons
Deputy Director
Texas Department of Transportation
Austin, Texas
Phone: 512 305 9527

With the majority of the nation's highway and transit infrastructure improvements financed by state and federal motor fuels taxes, it is important to understand the impact that motor vehicle fuel efficiency has on current and future funding. It would be naive to assume the future will look much like the past. As the price of fuel has increased in recent years, the vehicle manufacturing industry has responded to consumer demands to radically improve fuel efficiency; and Americans are expected to accept and use increasingly fuel-efficient vehicles over the next quarter-century.

The Texas Transportation Institute estimates that average motor fleet fuel efficiency in Texas will most likely increase from today's 18 mpg to 34 mpg by 2030 – and possibly as high as 44mpg. This base forecast means that in 2030 at the current fuel tax rate, there will be about half as much state and federal revenues generated for transportation per mile driven, and possibly even less.

So the outlook is for motor fuels tax revenues to decline under business-as-usual. Looking out over the next quarter century, every department of transportation in the country is evaluating innovative funding methods for this reason.

Without changes to the funding system for transportation, models show congestion will increase and road quality will decrease. Both of which impact safety and the economy.