



Federal Rate of Return

FY 2019 Update

Texas Department of Transportation - Federal Affairs

Texas Highway Trust Fund Highway Account Rate of Return

Texas has historically been, and continues to be, the biggest donor to other states when it comes to federal highway funding. Texas contributes more than any state and gets back proportionately less than every state. Even in an era where Congress is supplementing the federal Highway Trust Fund Highway Account (HTF) with general fund revenue, in FY 2019 Texas is the only state that fails to at least receive a full return of motor fuel tax dollars that are sent to Washington.

Why does this happen? Funding formulas for the federal-aid highway program were historically based on performance and equity related metrics and data that were updated on a yearly basis. Those metrics included:

- Total lane miles per state.
- Vehicle miles travelled on federal-aid highways.
- Number of fatalities on federal-aid highways.
- A state's contribution to the HTF and population data.

However, since the passage of the Moving Ahead for Progress Act (MAP-21), changes were put into place and continued under the current authorization legislation, the Fixing America's Surface Transportation Act (FAST Act) that ceased annual updates to the inputs for funding formula metrics. Per the current FAST Act, the base calculation for a state's apportionment is "the share for each State, which shall be equal to the proportion that— (I) the amount of apportionments that the State received for FY 2015." While the year is set at 2015, funding is tied to the amount states received in 2009, the last year the Federal Highway Administration (FHWA) used formulas set out in the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Act. In addition to the base amount being set from 2015 funding amounts, the Metropolitan Planning and CMAQ set-asides are determined by multiplying the amount of the base apportionment remaining for the State by the proportion that was apportioned to the State for FY 2009.¹

Additionally, SAFETEA-LU contained \$4.4 billion in "above the line" earmarked funds for some states and these earmarks are used to compute the share each state continues to receive. Instead of the earmarks being given to states one time under SAFETEA-LU, the proportional share of federal highway funding that each state has received each year since 2009 is adjusted up to reflect the impact of these old earmarks.

Starting in 2008, Congress authorized transfers of general fund revenue to the HTF to allow the HTF to remain solvent. With the passage of the FAST Act, Congress authorized a transfer of \$52 billion in FY 2016 to allow the fund to remain solvent through the life of the legislation.

To summarize, the current formula distribution of over \$42 billion dollars in annual transportation

¹ 23 U.S. Code § 104

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funding apportionments to states are derived from formula data that was frozen in 2009 and continues to reflect additional funding levels that states received from congressional earmarks in 2009 as well.

How does this impact Texas in FY 2019?

- Texas Will Give: \$3.99B of fuel taxes + a proportional amount of the general fund taxes transferred to the HTF.
- Texas Will Receive Back: \$3.79B in HTF fuel tax revenue + \$0 in general fund revenue.
- FHWA will use billions of general fund revenue to support the HTF apportionments. Texas will effectively receive none of these funds.
- Our proportional rate of return is just slightly over 80%. This is the lowest of every state.

Unless Congress elects to use current data inputs when calculating highway formula funding and discontinues the payouts for old earmarks that have existed since 2009, the issue and impact on Texas will be further compounded. As Congress considers transportation funding measures in 2019, including looking toward reauthorization of the Federal Highway Program that will expire in 2020, Texans can help inform our Congressional members understand the impact this has to our state's transportation system.

Below are a set of tables for FY 2019 that show the impact of rate of return (ROR) on states.

Table one shows the ROR for HTF payments and ignores how the ROR would potentially be impacted if proportional general fund transfers were also accounted for. As a result, all states but Texas see a positive ROR over their HTF payments thanks to receiving a portion of general fund transfers.

Table two attempts to account for the impact of general fund transfers by comparing the percentage of total payments into the HTF versus percentage of total apportionments received. Under this comparison half the states receive a ROR greater than 1.0 and half the states receive a ROR less than 1.0.

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Table One: FY 2019 Rate of Return				
Dollar In vs. Dollar Out				
State	Most Recent Available HTF Deposits	Total FY 2019 Apportionment	Difference Between Dollars Contributed and Dollars Apportioned	Rate of Return For FY 2019
Texas	\$3,989,970,000	\$3,790,153,846	(\$199,816,154)	95%
Colorado	\$570,991,000	\$577,491,739	\$6,500,739	101%
North Carolina	\$1,100,108,000	\$1,126,340,465	\$26,232,465	102%
South Carolina	\$695,633,000	\$723,164,614	\$27,531,614	104%
Mississippi	\$499,956,000	\$522,315,485	\$22,359,485	104%
Minnesota	\$668,259,000	\$704,218,954	\$35,959,954	105%
Iowa	\$497,525,000	\$530,753,979	\$33,228,979	107%
Nebraska	\$292,462,000	\$312,152,604	\$19,690,604	107%
Tennessee	\$850,633,000	\$912,597,876	\$61,964,876	107%
Maryland	\$604,381,000	\$648,985,389	\$44,604,389	107%
Utah	\$348,461,000	\$375,004,692	\$26,543,692	108%
Michigan	\$1,049,060,000	\$1,137,059,218	\$87,999,218	108%
Florida	\$1,883,588,000	\$2,046,152,544	\$162,564,544	109%
Arizona	\$721,748,000	\$790,164,053	\$68,416,053	109%
Ohio	\$1,315,911,000	\$1,447,595,770	\$131,684,770	110%
Washington	\$663,434,000	\$732,116,601	\$68,682,601	110%
Alabama	\$739,213,000	\$819,342,189	\$80,129,189	111%
Massachusetts	\$590,892,000	\$655,906,449	\$65,014,449	111%
Kansas	\$364,714,000	\$408,111,707	\$43,397,707	112%
Indiana	\$916,449,000	\$1,029,037,366	\$112,588,366	112%
Virginia	\$978,663,000	\$1,098,983,043	\$120,320,043	112%
New Jersey	\$957,343,000	\$1,078,291,390	\$120,948,390	113%
Maine	\$175,987,000	\$199,353,478	\$23,366,478	113%
Oklahoma	\$590,928,000	\$684,920,955	\$93,992,955	116%
California	\$3,419,670,000	\$3,963,775,130	\$544,105,130	116%
Georgia	\$1,184,158,000	\$1,394,443,871	\$210,285,871	118%
Kentucky	\$604,845,000	\$717,553,931	\$112,708,931	119%
Illinois	\$1,276,932,000	\$1,535,424,089	\$258,492,089	120%
Missouri	\$843,508,000	\$1,022,378,386	\$178,870,386	121%
New Mexico	\$325,342,000	\$396,589,381	\$71,247,381	122%
Wisconsin	\$660,769,000	\$812,589,995	\$151,820,995	123%
Oregon	\$430,645,000	\$539,793,595	\$109,148,595	125%
Arkansas	\$440,851,000	\$559,139,513	\$118,288,513	127%
New Hampshire	\$140,511,000	\$178,434,523	\$37,923,523	127%
Louisiana	\$576,705,000	\$757,969,743	\$181,264,743	131%
New York	\$1,363,793,000	\$1,812,763,333	\$448,970,333	133%
Nevada	\$290,529,000	\$392,152,854	\$101,623,854	135%
Pennsylvania	\$1,262,665,000	\$1,771,930,508	\$509,265,508	140%
Idaho	\$216,744,000	\$308,890,799	\$92,146,799	143%
North Dakota	\$160,846,000	\$268,117,851	\$107,271,851	167%
Wyoming	\$165,755,000	\$276,667,268	\$110,912,268	167%
Connecticut	\$324,764,000	\$542,422,487	\$217,658,487	167%
Delaware	\$99,078,000	\$182,684,447	\$83,606,447	184%
South Dakota	\$149,432,000	\$304,560,005	\$155,128,005	204%
Hawaii	\$88,684,000	\$182,657,719	\$93,973,719	206%
West Virginia	\$221,135,000	\$471,957,562	\$250,822,562	213%
Montana	\$166,929,000	\$443,100,699	\$276,171,699	265%
Vermont	\$71,476,000	\$219,182,269	\$147,706,269	307%
Rhode Island	\$76,353,000	\$236,184,138	\$159,831,138	309%
Alaska	\$79,923,000	\$541,507,940	\$461,584,940	678%
Dist. of Col.	\$25,160,000	\$172,317,254	\$147,157,254	685%
Total	\$35,733,511,000	\$42,355,403,696		

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Table Two: FY 2019 Rate of Return Percentage In vs. Percentage Out

State	Most Recent Available HTF Deposits	Percent of Total Deposits	Total FY 2019 Apportionment	Percent of Total Funding	Difference Between Percent Contributed and Percent Apportioned	Rate of Return For FY 2019
Texas	\$3,989,970,000	11.17%	\$3,790,153,846	8.95%	-2.22%	80.14%
Colorado	\$570,991,000	1.60%	\$577,491,739	1.36%	-0.23%	85.33%
North Carolina	\$1,100,108,000	3.08%	\$1,126,340,465	2.66%	-0.42%	86.38%
South Carolina	\$695,633,000	1.95%	\$723,164,614	1.71%	-0.24%	87.70%
Mississippi	\$499,956,000	1.40%	\$522,315,485	1.23%	-0.17%	88.14%
Minnesota	\$668,259,000	1.87%	\$704,218,954	1.66%	-0.21%	88.91%
Iowa	\$497,525,000	1.39%	\$530,753,979	1.25%	-0.14%	90.00%
Nebraska	\$292,462,000	0.82%	\$312,152,604	0.74%	-0.08%	90.05%
Tennessee	\$850,633,000	2.38%	\$912,597,876	2.15%	-0.23%	90.51%
Maryland	\$604,381,000	1.69%	\$648,985,389	1.53%	-0.16%	90.59%
Utah	\$348,461,000	0.98%	\$375,004,692	0.89%	-0.09%	90.79%
Michigan	\$1,049,060,000	2.94%	\$1,137,059,218	2.68%	-0.25%	91.44%
Florida	\$1,883,588,000	5.27%	\$2,046,152,544	4.83%	-0.44%	91.65%
Arizona	\$721,748,000	2.02%	\$790,164,053	1.87%	-0.15%	92.36%
Ohio	\$1,315,911,000	3.68%	\$1,447,595,770	3.42%	-0.26%	92.81%
Washington	\$663,434,000	1.86%	\$732,116,601	1.73%	-0.13%	93.10%
Alabama	\$739,213,000	2.07%	\$819,342,189	1.93%	-0.13%	93.51%
Massachusetts	\$590,892,000	1.65%	\$655,906,449	1.55%	-0.11%	93.65%
Kansas	\$364,714,000	1.02%	\$408,111,707	0.96%	-0.06%	94.40%
Indiana	\$916,449,000	2.56%	\$1,029,037,366	2.43%	-0.14%	94.73%
Virginia	\$978,663,000	2.74%	\$1,098,983,043	2.59%	-0.14%	94.74%
New Jersey	\$957,343,000	2.68%	\$1,078,291,390	2.55%	-0.13%	95.02%
Maine	\$175,987,000	0.49%	\$199,353,478	0.47%	-0.02%	95.57%
Oklahoma	\$590,928,000	1.65%	\$684,920,955	1.62%	-0.04%	97.79%
California	\$3,419,670,000	9.57%	\$3,963,775,130	9.36%	-0.21%	97.79%
Georgia	\$1,184,158,000	3.31%	\$1,394,443,871	3.29%	-0.02%	99.35%
Kentucky	\$604,845,000	1.69%	\$717,553,931	1.69%	0.00%	100.09%
Illinois	\$1,276,932,000	3.57%	\$1,535,424,089	3.63%	0.05%	101.44%
Missouri	\$843,508,000	2.36%	\$1,022,378,386	2.41%	0.05%	102.26%
New Mexico	\$325,342,000	0.91%	\$396,589,381	0.94%	0.03%	102.84%
Wisconsin	\$660,769,000	1.85%	\$812,589,995	1.92%	0.07%	103.75%
Oregon	\$430,645,000	1.21%	\$539,793,595	1.27%	0.07%	105.75%
Arkansas	\$440,851,000	1.23%	\$559,139,513	1.32%	0.09%	107.00%
New Hampshire	\$140,511,000	0.39%	\$178,434,523	0.42%	0.03%	107.14%
Louisiana	\$576,705,000	1.61%	\$757,969,743	1.79%	0.18%	110.88%
New York	\$1,363,793,000	3.82%	\$1,812,763,333	4.28%	0.46%	112.14%
Nevada	\$290,529,000	0.81%	\$392,152,854	0.93%	0.11%	113.88%
Pennsylvania	\$1,262,665,000	3.53%	\$1,771,930,508	4.18%	0.65%	118.39%
Idaho	\$216,744,000	0.61%	\$308,890,799	0.73%	0.12%	120.23%
North Dakota	\$160,846,000	0.45%	\$268,117,851	0.63%	0.18%	140.63%
Wyoming	\$165,755,000	0.46%	\$276,667,268	0.65%	0.19%	140.82%
Connecticut	\$324,764,000	0.91%	\$542,422,487	1.28%	0.37%	140.91%
Delaware	\$99,078,000	0.28%	\$182,684,447	0.43%	0.15%	155.56%
South Dakota	\$149,432,000	0.42%	\$304,560,005	0.72%	0.30%	171.95%
Hawaii	\$88,684,000	0.25%	\$182,657,719	0.43%	0.18%	173.76%
West Virginia	\$221,135,000	0.62%	\$471,957,562	1.11%	0.50%	180.06%
Montana	\$166,929,000	0.47%	\$443,100,699	1.05%	0.58%	223.94%
Vermont	\$71,476,000	0.20%	\$219,182,269	0.52%	0.32%	258.71%
Rhode Island	\$76,353,000	0.21%	\$236,184,138	0.56%	0.34%	260.97%
Alaska	\$79,923,000	0.22%	\$541,507,940	1.28%	1.05%	571.61%
Dist. of Col.	\$25,160,000	0.07%	\$172,317,254	0.41%	0.34%	577.81%
Total	\$35,733,511,000		\$42,355,403,696			

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