



FRAME FOR MOBILITY · POLICY PAPERS

PART V — THE FISCAL HONESTY

From a tax on consumption to a fee for access: bridge measures now, a privacy-protected VMT pilot, and a conversion framework for Congress.

The Framework for Rebuilding America's Mobility Economy (FRAME) Act, as presented in the FRAME Policy Paper (January 2026)

PART V

THE FISCAL HONESTY

Part V confronts the number the rest of the Act depends on. The federal gasoline tax stands at 18.4 cents per gallon, unchanged since 1993, its purchasing power consumed by inflation; the Highway Trust Fund has been effectively dead since 2008, sustained by emergency General Fund transfers totalling over \$275 billion. Title VII, as the Policy Paper presents it, ends that arrangement in stages: dedication of steel and iron tariff revenue to the Trust Fund (Sec. 702); a transitional, equity-capped fee on battery electric vehicles (Secs. 704–705); and a five-year nationwide American VMT Choice Pilot (Sec. 708) offering a privacy-first odometer system or an opt-in smart system with variable rates (Sec. 709), under statutory privacy protections (Sec. 710), concluding with a report to Congress and a legislative framework for conversion (Sec. 711).

THE POLICY

The policy is that road revenue must be rebuilt on use, because the fuel base it rests on is disappearing by design — vehicles grow more efficient and the fleet electrifies, severing the link between using the road and buying fuel. The transition is sequenced rather than abrupt. Near-term measures close the most indefensible gap — vehicles that use the system and contribute nothing to it through the fuel tax — on capped terms that guarantee no electric vehicle owner pays more than the average gas-tax contribution of a comparable conventional vehicle. The long-term model, a Vehicle Miles Traveled fee reflecting the burden a vehicle places on the system, is not imposed: it is piloted at national scale, with participants choosing their reporting method, so that Congress legislates a permanent conversion on evidence. Privacy is treated as a prerequisite of the policy, not a safeguard added to it.

WHAT IT WILL DO

Sec. 702 redirects revenue from tariffs and duties on imported steel and iron directly into the Highway Trust Fund, creating a stated link between the materials used to build infrastructure and the funding available to maintain it. Sec. 704 establishes Fair Share for Fair Roads, assessing a transitional fee on all battery electric vehicles. Sec. 705 attaches the Equity Cap: the fee may not exceed the average gas-tax contribution of a traditional light-duty vehicle for any EV owner.

Sec. 708 establishes the American VMT Choice Pilot Program for five years, nationwide. Sec. 709 structures the choice. The Simple Odometer System is privacy-first: non-GPS reporting recording only total miles traveled, assessed at a flat national rate. The Smart VMT System is opt-in and technology-enabled, permitting variable rates

— lower for rural travel, with a surcharge for travel in highly congested urban areas during peak hours. Revenue from urban congestion surcharges is returned directly to the metropolitan area that generated it, to fund local transit and safety projects, making the fee a congestion-management and regional-equity instrument as well as a revenue instrument.

Sec. 710 provides that pilot data may not be used for law enforcement or surveillance purposes without a court-ordered warrant; that collection is confined by data minimization to what is necessary to assess the fee; and that stored data is subject to robust encryption and anonymization. Sec. 711 requires the pilot to produce a final report to Congress with a clear legislative framework for a potential system conversion.

WHAT IT SOLVES

The problem is arithmetic compounded by avoidance. A per-gallon tax fixed in nominal terms since 1993 loses value every year; a trust fund financed by repeated emergency transfers is not financed at all; and every efficient or electric vehicle sold reduces the base further. The policy debate the paper calls “fiscal theater” consists of sustaining that structure while declining to replace it. Part V answers in the order the problem presents itself: dedicate a related revenue stream and bring non-contributing vehicles into contribution now, under an equity cap that defines fairness by comparison to the existing tax; then build, through a real pilot with real participants and protected data, the operational record — participation, collection cost, behavioral response to variable rates, privacy performance — that a conversion statute requires. The end point is stated in the paper’s terms: a move from a tax on consumption to a fee for access.

PLANNED AND MEASURABLE OUTCOMES

STATED IN THE PAPER

- Steel and iron tariff and duty revenue directed to the Highway Trust Fund (Sec. 702).
- A transitional fee on all battery electric vehicles (Sec. 704), capped at the average gas-tax contribution of a traditional light-duty vehicle (Sec. 705).
- A five-year, nationwide VMT pilot (Sec. 708), with a flat-rate non-GPS odometer option and an opt-in variable-rate Smart VMT option (Sec. 709).
- Urban congestion surcharge revenue returned in full to the generating metropolitan area for local transit and safety projects (Sec. 709).
- Statutory privacy protections: warrant requirement, data minimization, encryption and anonymization (Sec. 710).
- A final report to Congress with a legislative framework for conversion (Sec. 711).

INDICATORS THE PAPER IMPLIES (NOT STATED TARGETS)

- Trust Fund receipts attributable to Sec. 702 dedications and Sec. 704 fees.
- Participation, retention and assessed revenue under each Sec. 709 system.
- Administrative cost per dollar collected under each system.
- Congestion surcharge amounts returned to metropolitan areas and the projects funded.
- Privacy audit results: data elements held per participant; warrant-based disclosures, if any.

FRAME for Mobility is a project supported by the Institute for Civic Service.

THE EVIDENCE

THE PROBLEM IN NUMBERS

The problem this Part answers: solvency. The Highway Trust Fund's revenue base is frozen, eroding, and already exhausted on current projections.

Exhaustion: FY2028 (highway) and FY2027 (transit).

On CBO's February 2026 baseline, the Highway Account's end-of-year balance falls from \$56.4 billion (2025) to \$36.4 billion (2026) to \$14.5 billion (2027) and is exhausted in FY2028; the Mass Transit Account is exhausted in FY2027. The cumulative shortfall by 2036 reaches roughly \$295 billion — \$201.8 billion highway and \$93.1 billion transit. — Congressional Budget Office, *Highway Trust Fund Accounts

Baseline Projections* (February 2026). ; corroborated by the Tax Policy Center.

\$275 billion.

Since 2008, Congress has covered the gap with General Fund transfers into the Trust Fund. As the Presentation Deck states it: \$275 billion in General Fund bailouts since 2008 (CBO). Solvency by bailout is the current system, not an aberration in it.

18.4 cents, unchanged since 1993 – worth roughly 38–39 percent less.

The federal gasoline tax has not moved since 1993 and is not indexed; measured against consumer prices it has lost about 39 percent of its purchasing power, and about 38 percent measured against highway construction costs (an indexed tax would stand near 29 cents).

Institute on Taxation and Economic Policy, analysis of federal gas tax erosion.

27.1 mpg and climbing; 11.5 percent electric or plug-in.

New-vehicle real-world fuel economy reached a record 27.1 mpg in model year 2023, up 40 percent since model year 2004, and battery-electric, plug-in hybrid and fuel-cell vehicles were 11.5 percent of production (projected 14.8 percent for model year 2024). Every gain in efficiency and every electric vehicle shrinks the per-mile yield of a per-gallon tax — the erosion is structural, not cyclical.

U.S. Environmental Protection Agency, *2024 Automotive Trends Report* (December 2024).

+\$340 million over ten years.

Oregon's road usage charge program (OReGO) is the longest-running U.S. evidence on the alternative: ODOT estimated a per-mile charge would raise about \$340 million more in gross revenue over ten years than the fuels tax it replaces, precisely because it is not eroded by fuel efficiency, and the state's Road User Fee Task Force found rural drivers as a group would pay less under a per-mile charge than under the fuel tax.

Oregon Department of Transportation, *Road User Fee Task Force Report* (2017). ; revenue estimate as reported by Streetsblog California (2017).

WHY THIS APPROACH IS THE MODERN ONE

The legacy approach pretends a 1993 revenue instrument can fund a 2030s system, and fills the difference with general-fund transfers (figure 2) whenever the balance approaches zero — figure 1 shows the balances now reach zero inside the baseline window even after those transfers. The erosion has two independent drivers, both measured: inflation against an unindexed rate (figure 3), and a vehicle fleet whose efficiency and electrification (figure 4) permanently reduce gallons per mile driven. No adjustment to the gas tax alone answers the second driver. FRAME therefore does two things in sequence: it stabilises the fund with revenues that exist now — dedicated steel and iron tariff revenue (Sec. 702) and an electric-vehicle fee with an equity cap (Secs. 704–705) — and it builds the exit from the per-gallon base through a five-year American VMT Choice Pilot (Sec. 708), offering a non-GPS Simple Odometer

option or an opt-in Smart VMT option (Sec. 709) under statutory privacy protections (Sec. 710), reporting to Congress before any conversion framework takes effect (Sec. 711).

That sequencing follows the only mature domestic evidence available. Oregon has run per-mile charging in pilot or program form since 2006–07; its findings (figure 5) answer the two standard objections — revenue adequacy and rural equity — with operating data rather than modeling, and its participants have consistently rated the charge acceptable once experienced. A charge per mile driven is also the only major revenue design whose base grows with road use itself, which is what "user pays" meant when the Trust Fund was created in 1956.

EVIDENCE CHECK

road-user-charging evidence is state- and pilot-scale. Collection costs per dollar raised are materially higher than for the fuel tax, and privacy and public acceptance at national scale are untested — which is why FRAME pilots for five years and reports to Congress rather than converting outright.

SOURCES

1. <https://staging.cbo.gov/system/files/2026-02/51300-2026-02-highwaytrustfund.pdf>
2. <https://taxpolicycenter.org/taxvox/congress-faces-difficult-choices-close-highway-trust-fund-shortfall>
3. <https://ctj.org/inflation-drives-federal-gas-tax-down-almost-40/>
4. <https://www.epa.gov/newsreleases/epa-report-shows-us-fuel-economy-hits-record-high-and-co2-emissions-reach-record-low>
5. <https://cms.oregon.gov/odot/Programs/RUF/RUFTF%20REPORT%202017.pdf>
6. <https://cal.streetsblog.org/2017/06/27/oregons-pay-per-mile-driving-fees-ready-for-prime-time-but-waiting-for-approval>



FRAME for Mobility

A project supported by the Institute for Civic Service. This paper presents Part V of the FRAME Act as set out in the FRAME Policy Paper (January 2026), with the evidence on which it rests. Figures follow the Policy Paper; research figures are attributed to their sources.