



FRAME POLICY PAPER · TITLE VII, SUBTITLE A, PART 2

FAIR SHARE FOR FAIR ROADS ACT

The Act assesses a transitional, per-mile fee on battery electric vehicles — the class of vehicles that uses the federal road network while contributing nothing through the fuel tax — and caps it, by statute, at what the average gasoline vehicle pays.

FRAME Policy Paper — Fair Share for Fair Roads Act · Title VII, Subtitle A, Part 2 (Secs. 703–706)

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PART I

THE PROBLEM

The fuel tax is failing on arithmetic, not ideology. The federal gasoline tax has stood at 18.4 cents per gallon since 1993 and is not indexed to prices: it has lost roughly 39 percent of its purchasing power against consumer prices since it was last set (Institute on Taxation and Economic Policy). A revenue instrument fixed in nominal terms for three decades finances a construction program whose costs are not.

What remains of the tax is collected on a shrinking base. The Environmental Protection Agency's 2024 Automotive Trends Report records real-world fleet fuel economy at a record 27.1 miles per gallon for model year 2023 — up 40 percent since 2004 — so every mile the fleet drives yields less tax than the mile before it. And a growing class of vehicles has left the base altogether: battery electric, plug-in hybrid, and fuel-cell vehicles were 11.5 percent of production in model year 2023 and are projected to reach 14.8 percent. A battery electric vehicle buys no gasoline at all. It uses the federal road network at full weight and full mileage, and its contribution to the Highway Trust Fund through the fuel tax is zero — not reduced, not deferred, zero.

The Congressional Budget Office’s February 2026 baseline carries the consequence to its date: the Mass Transit Account is exhausted in fiscal year 2027, the Highway Account in fiscal year 2028, and the cumulative shortfall by 2036 is approximately \$295 billion. The problem has two halves, and both are measurable. The instrument is eroding — unindexed, and levied on a fuel the fleet burns less of every year. And its coverage is incomplete — the vehicles adopting fastest are precisely the ones it cannot reach. Any durable settlement has to answer the second half as well as the first: a class of road users that contributes nothing is both a revenue gap and a standing inequity against every driver who still pays at the pump.

18.4¢ Federal gasoline tax — unchanged since 1993	-39% Purchasing power lost to inflation — ITEP	27.1 mpg Record real-world fleet economy, MY2023 — EPA	11.5% BEV/PHEV/FCEV share of production, MY2023 — EPA
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PART II

THE PROPOSED SOLUTION

Charge the vehicles the fuel tax cannot reach for the miles they actually drive. Every battery electric vehicle registered in the country would pay a small fee for each mile it travels — the same road use the fuel tax prices indirectly, through gallons, for everyone else, priced directly instead. A driver who travels far pays more than a driver who travels little, in proportion to use, exactly as at the fuel pump.

A fairness ceiling is built in from the start. No vehicle’s yearly bill may exceed what an average gasoline vehicle pays in federal fuel tax over a year — average fuel economy, average miles, recalculated as the fleet changes. An electric driver can be asked to match the average contribution of the drivers who still pay at the pump; they can never be asked for more than that average. The charge restores parity. It does not create a premium.

Collection runs through machinery that already exists. Once a year, when filing a federal tax return, the owner reports a certified reading of the vehicle’s odometer, and the fee is worked out from the miles driven and settled with the return. There is no device fitted to the car and no record of where it has been: an odometer counts distance and nothing else. Written into the proposal are protections for the privacy of those readings, fair spreading of the fee when a vehicle is sold, written off, or taken abroad during the year, a way to challenge a wrong bill, and permission for the tax authority to cross-check a reading against the records state motor-vehicle departments already keep from inspections and title transfers.

PRICED BY THE MILE The bill follows actual road use — drive more, pay more; drive less, pay less — exactly as the fuel pump prices it today, without the fuel.	CAPPED AT THE AVERAGE No vehicle can be charged more in a year than the average gasoline vehicle pays in federal fuel tax. Parity is the ceiling, not the target.
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And nobody is charged twice. Drivers taking part in the national mileage pilot proposed elsewhere in this Title — the long-term trial of a permanent per-mile system — are excused from this fee for as long as they participate, because the pilot is already measuring and charging their miles. The fee is a bridge, and it is designed as one: it would begin with the first calendar year starting two years after the law takes effect, so the rules are written and the machinery tested before the first bill is issued, and it is transitional by intention — holding the Fund’s coverage together until a tested, permanent per-mile settlement can replace the fuel tax for everyone.

PART III

THE LEGISLATIVE PROPOSAL

Part 2 of Subtitle A is the “Fair Share for Fair Roads Act” (**Sec. 703**). Against current law, the change is the creation of a federal charge where none exists. States have moved first — Virginia’s Highway Use Fee and Utah’s road usage charge are examined in Part IV — but at the federal level the electric fleet’s contribution to the Highway Trust Fund is zero, and the nearest enacted federal analogue, the flat annual fees in H.R. 8870, remains a committee-reported bill rather than law. Three design choices define the proposal, and each is a deliberate answer to a documented weakness of the instruments now in use: the fee is per-mile rather than flat, it is capped by an equity formula, and it is collected through the Internal Revenue Service rather than through a new apparatus or fifty state systems.

WHO PAYS

Every battery electric vehicle registered in the United States (**Sec. 704(a)**) — the class that buys no taxed fuel.

WHO DOES NOT

Hybrids and plug-in hybrids, which still purchase taxed fuel; and pilot participants, exempt for the duration of their participation (**Sec. 704(b)**).

SEC. 704 — THE FEE AND THE PILOT EXEMPTION

Subsection (a) directs the Secretary of the Treasury, in consultation with the Secretary of Transportation, to establish and assess a fee based on vehicle miles traveled on all battery electric vehicles registered in the United States, beginning the first calendar year that begins two years after enactment: “Beginning in the first calendar year that begins 2 years after the date of enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Transportation, shall establish and assess a fee based on vehicle miles traveled on all battery electric vehicles registered in the United States.” Two points of drafting discipline deserve note. The class covered is battery electric vehicles — the bill does not extend the fee to hybrids or plug-in hybrids, which still purchase taxed fuel. And the per-mile rate is not fixed in the statutory text: the rate is established administratively under the section, bounded above by the Equity Cap of **Sec. 705**. A reader looking for the rate in the bill will not find it, because the bill does not set one. Subsection (b) exempts vehicles actively participating in the **Sec. 708** pilot for the duration of that participation, so the transitional charge and the long-term replacement are never collected from the same vehicle at the same time.

SEC. 705 – THE EQUITY CAP

The cap is the Act’s fairness mechanism, stated as a formula: “The total annual fee collected from any individual vehicle under this part shall not exceed an amount equal to the Federal gasoline taxes that would be paid by a light-duty vehicle with the average fuel economy traveling the average number of vehicle miles in the most recent calendar year for which such data is available, as determined by the Secretary.” The benchmark moves with published fleet data rather than being frozen at enactment, and because it is defined by the average gasoline vehicle, the cap binds the fee to parity — the transitional charge restores an average contribution; it does not create a premium one.

SEC. 706 – COLLECTION THROUGH THE TAX SYSTEM

Subsection (a) assigns collection to the Internal Revenue Service, annually, with the fee “calculated based on a certified odometer reading provided by the taxpayer at the time of the filing of the taxpayer’s Federal income tax return.” Subsection (b) requires implementing regulations within 18 months, covering at minimum: enforcement and penalties, including for fraudulent mileage reporting, consistent with the Internal Revenue Code; prorating for vehicles sold or transferred, rendered inoperable, or moved into or out of the United States; taxpayer privacy protections, expressly including protections for odometer readings; and an appeals process for billing errors and mileage disputes. Subsection (c) permits the Treasury to agree with state motor vehicle departments to cross-reference odometer readings — a verification channel that uses records states already hold, from inspections and title transfers, without building a federal mileage database.

PART IV

THE DATA CASE

The design questions are empirical: whether a per-mile charge outperforms the flat fees now on offer, whether the parity the cap promises is the parity drivers actually experience, and whether the collection route holds its cost advantage at scale. The evidence takes them in that order.

THE FLAT-FEE CONTRAST, MEASURED

The alternative already before Congress is the flat annual fee: H.R. 8870, reported by the House Transportation and Infrastructure Committee in May 2026, would charge \$130 per battery electric vehicle and \$35 per plug-in hybrid, collected by the states. CBO scores that design at \$12.45 billion of net revenue over 2026–2036 — a real figure, and the right yardstick for the class of measure, though it scores a different instrument than the one proposed here.

THE FLAT-FEE ALTERNATIVE, IN NUMBERS

\$130

H.R. 8870 flat annual fee per battery electric vehicle

\$12.45B

CBO score of H.R. 8870’s vehicle fees, 2026–2036

\$96M

Virginia Highway Use Fee revenue, FY2025 — Virginia DMV

1.67¢

Utah revenue-neutral per-mile rate — UDOT

The state record shows what flat fees do in practice. Virginia’s Highway Use Fee — a formula-based annual charge on electric and fuel-efficient vehicles, collected since 2020 — raised \$96 million in fiscal year 2025, up from \$43 million in fiscal year 2021 (Virginia DMV): flat and formula fees collect reliably at state scale. But Utah’s program record exposes the design’s equity defect: UDOT reports its flat electric-vehicle fee is “significantly lower” than what the average gasoline driver pays in fuel tax, and that a revenue-neutral flat fee would run to roughly \$232 a year — while a per-mile charge, by contrast, is neutral by construction at about 1.67 cents. A flat fee therefore faces a choice the per-mile fee does not: set it at the average and overcharge the low-mileage driver, or below the average and under-collect from everyone. The Eno Center for Transportation reaches the same conclusion from the policy side: high annual fees on electric vehicles do nothing to address the underlying problems with transportation funding, and per-mile road user charges are the durable answer.

EQUITY, TESTED RATHER THAN ASSERTED

The distributional evidence cuts in the per-mile design’s favour. Oregon’s Road User Fee Task Force — reporting on the longest-running American per-mile program — found that a per-mile charge would raise approximately \$340 million in additional gross revenue over ten years against the fuels tax it replaces, and that rural drivers as a group would pay less under a per-mile charge than under the fuel tax, because rural vehicles’ lower fuel economy currently taxes each of their miles more heavily. The **Sec. 705** cap then bounds the individual case the group statistics cannot: whatever the averages do, no electric vehicle’s fee exceeds the average gasoline vehicle’s tax.

ADMINISTRATION THROUGH EXISTING MACHINERY

The collection design is the paper’s most conservative feature. The fee rides a filing every vehicle-owning household already makes, uses a single instrument — the odometer — that records total distance and nothing else, and writes its own safeguards into the statute: privacy protections for the readings themselves, prorating for the ordinary events of vehicle life, an appeals process, and state cross-referencing by agreement rather than by mandate. Virginia’s experience supplies the caution that keeps this honest: its optional per-mile alternative to the Highway Use Fee, the Mileage Choice Program, runs at meaningful per-participant cost — about \$200,000 a month to operate for some 23,000 participants as of June 2025 (Virginia DMV) — which is precisely the cost profile of device-based collection that **Sec. 706**’s tax-filing route is designed to avoid.

EVIDENCE CHECK

No CBO score of this Act’s design exists; the \$12.45 billion figure in Part IV scores H.R. 8870’s flat fees and is used only to size the class of measure. The per-mile rate is set administratively under **Sec. 704**, so the fee’s yield cannot be computed from the bill’s text — it depends on the rate chosen under the **Sec. 705** cap and on the size of the registered battery-electric fleet at the start date. Collection cost under the tax-filing route is untested at federal scale; the bill’s answer is structural — existing IRS machinery, one annual instrument, statutory privacy and appeals protections — and the operating evidence from the states is carried in Part IV rather than smoothed over.

SOURCES & COLOPHON

- FRAME Act, Official Draft (December 15, 2025), Title VII, Subtitle A, Part 2, Secs. 703–706.
- Congressional Budget Office, *Highway Trust Fund Accounts — Baseline Projections* (February 2026): accounts exhausted FY2027 (transit) and FY2028 (highway); cumulative shortfall by 2036 ≈ \$295B. staging.cbo.gov/system/files/2026-02/51300-2026-02-highwaytrustfund.pdf
- Institute on Taxation and Economic Policy: federal gasoline tax unchanged at 18.4 cents since 1993, unindexed; purchasing power down ≈39% against consumer prices.
- U.S. Environmental Protection Agency, *2024 Automotive Trends Report* (December 2024): real-world fuel economy 27.1 mpg (MY2023 record, +40% since MY2004); BEV/PHEV/FCEV 11.5% of production MY2023, projected 14.8% MY2024.
- Congressional Budget Office cost estimate for H.R. 8870 (as reported, May 2026): electric- and hybrid-vehicle fees scored at \$12,453 million net PAYGO revenue, 2026–2036 (flat \$130 EV / \$35 PHEV fees, state-collected — a different design from Secs. 704–706, cited to size the class of measure).
- Virginia Department of Motor Vehicles, Mileage Choice Program presentation (November 2025): Highway Use Fee revenue \$43M (FY2021) rising to \$96M (FY2025); ≈2 million vehicles pay the fee; Mileage Choice ≈23,000 participants (June 2025) at ≈\$200,000/month operating cost; electric-vehicle Highway Use Fee \$131.88.
- Utah Department of Transportation, road usage charge program reporting (2025): flat electric-vehicle fee significantly below the average gasoline driver’s fuel-tax payment; revenue-neutral flat fee ≈\$232/year; revenue-neutral per-mile rate ≈1.67 cents.
- Eno Center for Transportation, reauthorization analysis: flat annual electric-vehicle fees do not address the underlying funding problem; per-mile road user charges identified as the durable mechanism.
- Oregon Department of Transportation, *Road User Fee Task Force Report* (2017): per-mile charge ≈ +\$340M gross revenue over 10 years versus the fuels tax; rural drivers as a group pay less under a per-mile charge.

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