

**TO: CONGRESSIONAL STAFF**

**FROM: WILLIAM BUECHNER, VP, ECONOMICS AND RESEARCH**

**DATE: JULY 28, 2011**

**RE: IMPACT OF PROPOSED CAFÉ STANDARDS ON HTF REVENUES**

The latest reports indicate that Corporate Average Fuel Economy (CAFÉ) standards for cars and light trucks will be increased from 34.1 miles per gallon in 2016 to a fleet-wide average of 54.5 mpg by 2025.

The attached table shows the potential impact of actual and proposed increases in CAFÉ standards on Highway Trust Fund (HTF) revenues during the next six-year reauthorization period and the subsequent decade.

The table assumes the required increase in CAFÉ standards through 2016 will

**Table 1 - Impact of All CAFÉ Changes Since 2004**  
(Millions of dollars)

Fiscal Year	Estimated Annual HTF Revenue loss	Revenue Loss as Percent of Proj. HTF Revenues	Estimated Highway Account Revenue loss	Estimated Transit Account Revenue loss
2010	\$343.4	0.9%	\$291.9	\$51.5
2011	\$550.3	1.4%	\$467.8	\$82.6
2012	\$885.9	2.2%	\$753.0	\$132.9
2013	\$1,279.2	3.1%	\$1,087.3	\$191.9
2014	\$1,711.5	4.1%	\$1,454.8	\$256.7
2015	\$2,213.4	5.2%	\$1,881.4	\$332.0
2016	\$2,787.4	6.5%	\$2,369.2	\$418.1
2017	\$3,428.9	8.0%	\$2,914.6	\$514.3
2018	\$4,135.5	9.6%	\$3,515.2	\$620.3
2019	\$4,879.6	11.2%	\$4,147.7	\$731.9
2020	\$5,800.5	13.2%	\$4,930.4	\$870.1
2021	\$6,828.7	15.3%	\$5,804.4	\$1,024.3
2022	\$8,135.3	18.0%	\$6,915.0	\$1,220.3
2023	\$9,420.9	20.5%	\$8,007.7	\$1,413.1
2024	\$10,830.4	23.3%	\$9,205.9	\$1,624.6
2025	\$12,420.7	26.4%	\$10,557.6	\$1,863.1
<b>Total</b>	<b>\$75,651.7</b>		<b>\$64,303.9</b>	<b>\$11,347.8</b>

occur and that the standard will be increased 5.0 percent per year from 2017 through 2025, as proposed. The baseline for calculating revenue losses is the U.S. Treasury's February 2009 projections of HTF revenues. As new cars and light trucks are purchased in the future and old ones retired, average fuel economy will improve, reducing the 2009 forecast of gasoline sales and HTF revenues by the amounts shown in the table. The baseline for computing percentage losses is total HTF revenues, which includes diesel fuel and truck tax revenues that are unchanged from the February 2009 baseline.