Highway Funding Under ISTEA

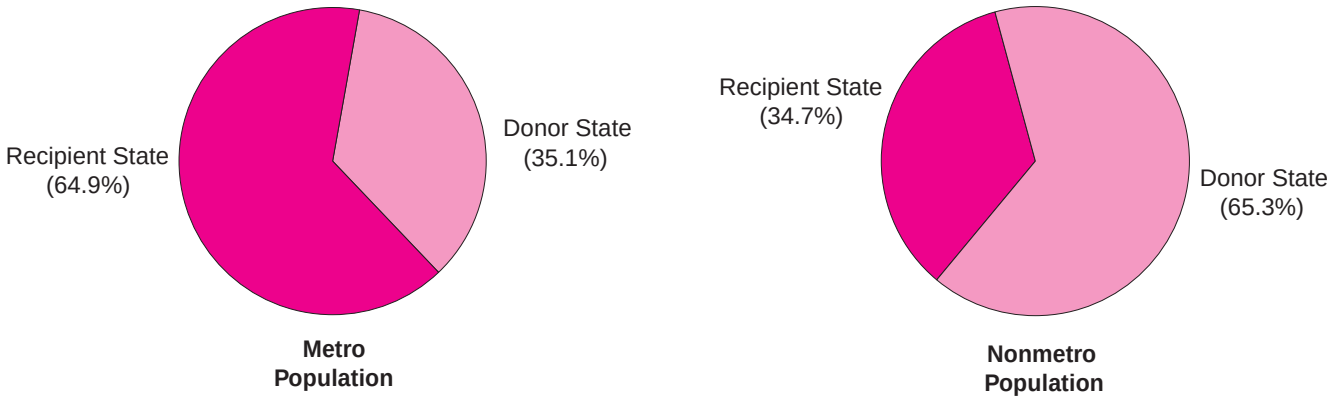
Under the previous highway legislation, ISTEA (Intermodal Surface Transportation Efficiency Act of 1991), which covered 1992-97, there existed considerable variation in State-level highway funding. In 1996, "donor States," which, by definition, receive less in Federal highway aid than they contribute in Federal gas tax revenue, accounted for the majority (65 percent) of the Nation's nonmetro residents, but only a minority (35 percent) of metro residents (fig. 4). Donor States included 8 of the 10 States with the largest nonmetro populations in 1996. Donor States were generally widely dispersed geographically throughout the Nation, but were especially concentrated in the South, West, and Great Lakes areas (fig. 5). South Carolina received the least amount of highway funding per dollar contributed, just $0.73.

In contrast, "recipient States," which, by definition, receive more in Federal highway aid than they contribute to the Trust Fund, accounted for the majority of metro residents (65 percent), although they also included many States whose populations were predominantly nonmetro. Most of the nonmetro recipient States had both relatively small absolute numbers of people and large percentage shares of nonmetro residents, such as Montana and Wyoming. But some recipient States, such as Iowa, Arkansas, and West Virginia, had more substantial nonmetro populations, numbering more than 1 million residents each. Recipient States were largely concentrated in the Northeast, northern Great Plains, and Rocky Mountain States. Alaska had the highest relative level of funding, $5.03 per dollar contributed.

Figure 4

Donor and recipient State shares of metro and nonmetro population, 1996

Most nonmetro residents live in donor States, which receive less in Federal highway aid than they contribute in taxes

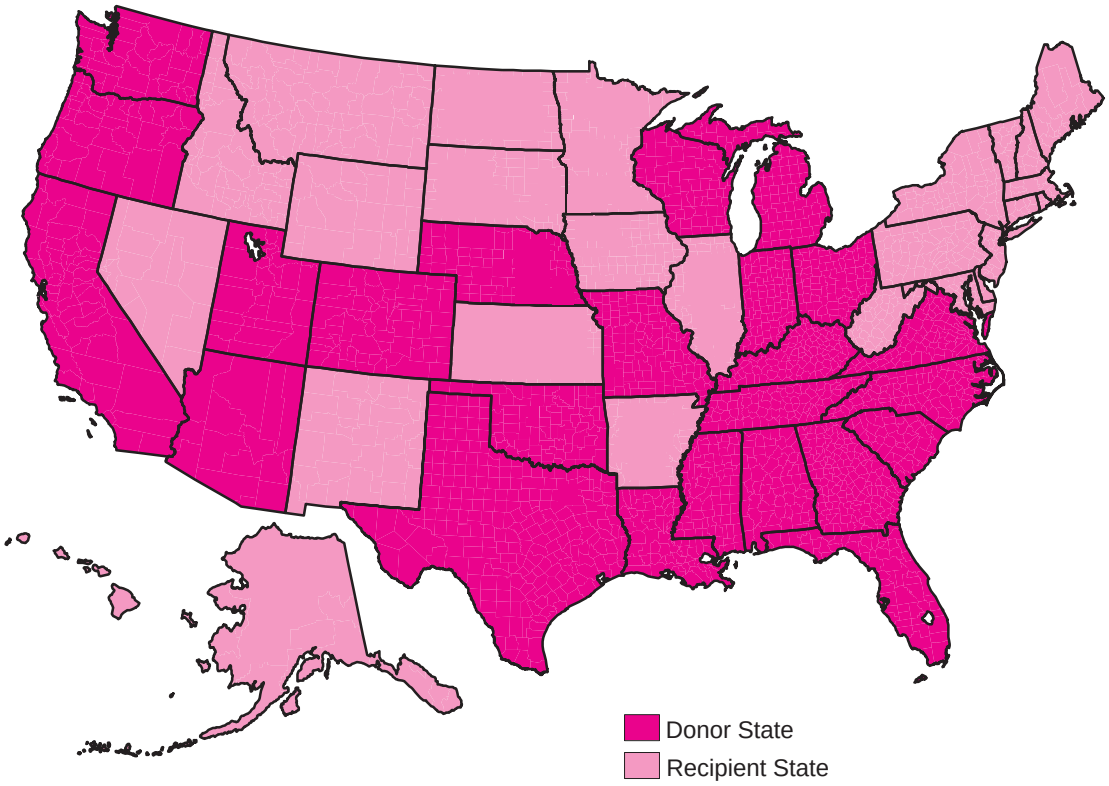


Source: Calculated by the Economic Research Service using data from the U.S. Department of Transportation and the Bureau of the Census.

Figure 5

Donor and recipient States under ISTEA (old legislation), 1992-1997

The Southeast has many donor States, the Northeast has many recipients



Source: Senate Environment and Public Works Committee.