taxation; (3) the *land*, which without access to transportation would have little value and hence should pay most of the costs of residential streets and other local land-service roads through property taxes or assessments.

Some would maintain that all benefits to land and the community are in reality user benefits that have merely been transferred. These arguments are brought out here by way of explaining that user charges for highways are not necessarily intended to be sufficient to cover all highway costs. In 1964, $12.6 billion of income was applied for highway purposes (exclusive of borrowings). Of this amount, $10.0 billion was provided from user taxes, fees, and tolls (including $3.6 billion of Federal highway trust fund revenues), and $2.6 billion from nonuser taxes, appropriations, and miscellany. Interestingly enough, in that year an additional $2.6 billion was collected from users, but not applied for highways (the Federal excise tax on automobiles and parts and accessories, and State user taxes applied for nonhighway purposes). Thus on balance there was a trade-off whereby user taxation actually would have been sufficient to provide all funds applied to highways.

Appendix table B lists for each of the years 1946–65, inclusive, the amounts of user revenues allocated for highway purposes, together with amounts provided from nonuser sources. Maintenance, operation, and annual debt service payments are then recorded as charges against these revenues, with the excess shown as an amount available for capital outlay. Also shown as available for capital outlay are the amounts of Federal-aid funds paid in reimbursement to the States for work performed, together with small amounts of direct Federal outlays; and proceeds of construction bond issues. Since 1956, the Federal-aid highway funds have their source in excises on motor fuel and on certain automotive products that are placed in the Federal highway trust fund, and that are considered to be user revenues. Although there was no trust fund prior to 1956, the annual revenue from the Federal tax on gasoline was more than sufficient to cover the annual Federal-aid highway appropriations, but there was no explicit linkage.

The data in table B are also arranged so as to show the sources of funds collected by each of the four levels of government: Federal, State, county, and city; and the direct outlays by each for the purposes indicated.

C. Trend of Capital Outlays

Table B records the capital outlays for highways during the period 1946–65. The term "capital outlays" is understood to include contract and force account construction; preliminary and construction engineering on site; and right-of-way costs, including land acquisition, utility and tenant relocation costs, condemnation costs, etc. It does not include the costs of sidewalks or street lighting, unless part of a road construction contract.

The table shows the expenditure according to three functional classes of highways: main rural roads, which include the major interurban highways and toll roads; local rural roads, which include collector and feeder roads, both under State and local jurisdiction; and urban streets and highways, which include both connections of State highways and local city streets.