



“Optimizing Pennsylvania’s Multimodal Transportation System”

Senate Transportation Committee

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Introduction

Chairman Langerholc, Chairman Flynn, and members of the Senate Transportation Committee, my name is Rebecca Oyler, and I represent the Pennsylvania Motor Truck Association (PMTA). Our association of 1200 trucking companies and businesses that support them is dedicated to advocating for the interests of the trucking industry, which plays an indispensable role in the economy. Thank you for the opportunity to present this written testimony outlining our perspective on transportation funding in Pennsylvania.

Pennsylvania's roads and bridges are not just “infrastructure” to the professionals in the trucking industry; they are essential to our daily operations and our livelihoods. They are also our workplace. As we work together to ensure that our transportation systems are funded adequately and maintained efficiently, it is vital to consider how funding decisions impact the trucking industry and, by extension, the broader economy.

For many years, fuel taxes have been the way in which states and the federal government collect funds from the users of the public road system to maintain the roads and bridges they traverse. Fuel taxes are an efficient and effective way to collect taxes to support public infrastructure. However, the increase in fuel efficiency and the rise in electric vehicles have resulted in less funds available for roads and bridges. And inflation has cut into the value of revenue raised. The federal fuel tax – 24.4 cents per gallon for diesel and 18.4 cents for gasoline – has not been increased since 1993. Since that time, the cost of goods and services has increased 118%. At the federal level, we and our partners at the American Trucking Associations have long supported an increase in the federal fuel tax as the most efficient way to make up for lost revenue nationally, which would mean more money for state departments of transportation.

Declining fuel tax revenue is an issue amongst states across the country, and many are debating the same issues this committee is currently discussing. I would like to discuss some of these issues from the perspective of the trucking industry in Pennsylvania.

Pennsylvania’s Trucking Industry

We are proud of the role the trucking industry plays in Pennsylvania’s economy and in its communities, connecting farmers and commodity producers to manufacturers, distributors, and ultimately to consumers. Everything you buy in a store or receive in a box on your front porch was likely on multiple trucks on its journey to you, and our very lives depend on the smooth transit of trucks throughout the state and the nation.

There are almost 70,000 trucking companies in Pennsylvania, mostly small family businesses, which support over 340,000 jobs (one in every 15 in the state). Total trucking industry wages paid in the state in 2022 exceeded \$19.1 billion.

Trucking is a highly competitive national industry, and Pennsylvania competes with other states to attract trucking companies to our commonwealth. Larger national or regional companies consider many factors when deciding where to locate their businesses or build terminals, where they hire drivers and others, including safety, logistics, warehousing, maintenance, and office staff. These jobs are important to Pennsylvania, and having trucking companies located nearby lowers logistics costs for surrounding businesses.

The other – more numerous – type of trucking company located in Pennsylvania is a small business. These trucking companies are usually local family-owned businesses that are integral to their communities. Many don't consider themselves "trucking" companies because their primary work is another type of business, like contracting, landscaping, farming, waste management, forest products, or retail or wholesale distribution. But trucks are crucial to their businesses. They are usually subject to the same regulations as other trucking companies, they drive on the same roads, and most purchase diesel to fuel their vehicles.

Any discussion of transportation funding options must consider the benefits as well as the costs for both types of trucking businesses that are key to Pennsylvania's economy and communities.

Current Status

Because roads and bridges are critical to our work, the trucking industry supports appropriate user fees through taxes to ensure that adequate funding is available to keep them safe, reliable, and adequate to support commerce today and into the future. As mentioned, it is clear that federal fuel taxes have not kept pace with the nation's infrastructure needs. However, each state's transportation funding system is unique, and it is necessary to examine Pennsylvania in comparison to the states it competes with to understand how it impacts the trucking industry.

The trucking industry currently represents 10% of the vehicle miles traveled in the commonwealth, but it pays more than one third (34%) of all taxes owed by Pennsylvania motorists. A typical five-axle tractor-semitrailer combination in the state pays \$15,324 in state and \$10,556 in federal highway taxes and fees beyond those paid by other businesses in the state. In all, the industry in Pennsylvania pays about \$1.8 billion in federal and state roadway taxes per year.

Currently, Pennsylvania's trucking companies pay the 3rd highest diesel tax rate in the nation, second only to California and Illinois. This makes us uncompetitive with other states – including with all surrounding states – for trucking companies considering locating or remaining in the commonwealth. A comparatively high diesel tax rate also punishes the small companies whose business is in their local communities, where they pass these costs on to their customers.

Of course, Pennsylvania's gas tax also ranks among the highest in the nation, so truckers are not paying taxes necessarily out of proportion to passenger vehicle drivers in the commonwealth. We understand that, when fuel taxes were set by Act 89 of 2013, policymakers understood that they were setting fuel taxes high, and they endeavored to set vehicle registration fees low to balance out costs to the public. However, this was not the case for commercial vehicles, where registration fees are comparatively high.

Pennsylvania ranks 12th in the nation for registration and weight fees for trucks at \$2,764 for a typical five-axle tractor-semitrailer combination. However, when compared to surrounding states, Pennsylvania's fee is almost \$1000 more than the highest.

CT	\$1,546
DE	\$1,390
MD	\$1,800
MA	\$1,600
NJ	\$1,223
NY	\$1,208
OH	\$1,395
RI	\$1,044
VA	\$1,888

The only nearby state with a higher registration/weight fee is West Virginia at \$3,192, but their diesel tax partially offsets this at less than half of Pennsylvania's rate.

The effect of Pennsylvania's high diesel tax rate and comparatively high registration fees is that the commonwealth is the fifth most expensive state in the nation in which to drive a truck.

Unfortunately, this costly fact contributes to driving trucking businesses out of Pennsylvania that might otherwise be paying more taxes and registration fees in the state to support the Motor License Fund (MLF). It also places burdensome costs on local small businesses.

It will be important to be mindful of this consideration as transportation tax and fee increases may be considered by this committee. The trucking industry is willing to pay its fair share of maintaining our roads and bridges, but making Pennsylvania uncompetitive in this space will only further drive the industry out of the state and result in less funding for the MLF and fewer trucking companies available to support local commerce. In fact, reducing these costs could encourage more trucks to register in Pennsylvania, support our economy, and increase MLF revenues.

Steps Already Taken

We would like to take the opportunity to thank the General Assembly, the Governor, and PennDOT for the steps that have already been taken to address shortfalls in Motor License Fund revenues and ensure adequate funding for Pennsylvania's roads and bridges. PMTA supported each of these steps as important components of closing loopholes, remedying issues with funding streams, and ensuring fair funding.

1. Stopped bridge tolling

PMTA opposed PennDOT's plan to toll nine interstate bridges several years ago because it would have placed an undue financial burden on the trucking industry and increased the annual cost of transporting goods across the state by \$5000 per truck crossing just one bridge per day. This additional cost would have made Pennsylvania even more uncompetitive with surrounding states and crushed small trucking businesses located near tolled bridges. PMTA strongly opposes the implementation of tolls on any current roadways or bridges. We thank the General Assembly for passing Act 84 of 2022, which among other

safeguards, prevents tolls from being put in place in public-private partnerships without approval of the legislature and the Governor.

2. Reducing transfers from the Motor License Fund

PMTA has supported the effort to reduce the transfer of Motor License Funds to the Pennsylvania State Police. While we support and continue to work with our partners in law enforcement, we appreciate the effort to ensure that funds intended for roads and bridges are focused on those priorities. The phase-out of \$125 million each year over the past few years has resulted in more infrastructure projects across the state.

3. Electric vehicle fee

PMTA supported the passage of Act 85 this year to impose an electric vehicle fee to replace lost gas tax revenue from the 63,000 electric vehicles in the state. We look forward to the additional \$29 million in revenue that will be added to the MLF, with more as the number of vehicles increases.

4. Federal infrastructure grants

PMTA has supported PennDOT's efforts to secure U.S. Department of Transportation grants for critical Pennsylvania projects, writing letters in support of the following successful applications to express the criticality of each project to the trucking industry in the state.

- I-83 South Bridge Replacement Project (Dauphin/Cumberland Counties) - \$500 million
- I-376 Central Parkway ("The Bathtub" – Pittsburgh) - \$142 million
- Fort Jenkins and Water Street Bridges (Pittston and West Pittston) - \$19 million

We continue to support making the case for federal investment in Pennsylvania's infrastructure, including truck parking, given the criticality of its location and road network to the trucking industry and U.S. transportation network.

Options Considered

PMTA appreciates the work of this committee to consider transportation funding options. There is no debate that funding is needed, and we appreciate the time and attention you have given to finding the best solutions. PMTA offers brief comments on some of the options being considered.

Package delivery fee

PMTA supports the work of PennDOT's Transportation Advisory Committee (TAC) to examine the impact of e-commerce on the state's communities and transportation system. A few other states have levied fees on the delivery of packages to supplement transportation funding. If this option is to be considered in Pennsylvania, a thorough examination of the impact of the fee is required. The trucks that deliver products to Pennsylvania homes already pay fuels taxes on their travel. A package delivery fee would be an additional tax or fee on top of those costs that the consumer could choose to pay for the convenience of delivery. Should such a fee be considered justified to implement, PMTA asks that it be levied at the point of sale.

Miles-Based User fee (MBUF) or Vehicle Miles Traveled (VMT) Tax

One of the proposals that often surfaces related to transportation funding is a tax based on actual miles traveled. In theory, this is appealing because it is a true user fee for motorists taking advantage of public infrastructure. There are many opportunities and challenges that have been identified with such a system, and many studies have been conducted or are currently in process.¹

The topic is too big to examine in detail here. However, PMTA's paramount concerns with a miles-traveled tax are the costs and complexity of such a system, particularly if implemented piecemeal state-by-state and not uniformly at the federal level. The current system of collecting fuel taxes from a few hundred fuel terminal operators is effective and efficient, costing less than a penny on the dollar to administer. Tracking and collecting taxes from millions of motorists is another matter, with compliance and enforcement an additional administrative burden. Some estimate that such a system could cost up to 40 cents on the dollar to administer.² In practical terms, that translates to 40% fewer road and bridge projects or the necessity to increase taxes on motorists 40%, neither of which is appealing.

Further study is necessary to determine how a miles-traveled tax system could operate efficiently and fairly. In the meantime, at the end of 2023, there were about 3.3 million electric vehicles on the road in the U.S., which represented just over 1% of total vehicles.³ In Pennsylvania, about one half of one percent of vehicles are electric, few of which are trucks. For 99% of vehicles, the current system of fuel taxes continues to work efficiently and effectively, and electric vehicle owners will be contributing to Pennsylvania's MLF in the future. This allows sufficient time to thoroughly examine the idea of a miles-traveled tax at both the state and federal levels.

Public-Private Partnerships (P3s)

Though PMTA believes that P3s are **not** the appropriate venue for tolls to be levied, we do believe there is a role for private-sector cooperation in transportation to leverage funding and efficiencies. One area where this could be the case is truck parking, where a 2023 TAC study found a critical need in Pennsylvania. We continue to work with PennDOT's Truck Parking Task Force to identify opportunities to work with the private sector to address this issue that impacts drivers and safety on the road.

Conclusion

PMTA looks forward to continuing this important discussion on transportation funding with the committee in light of the imperative to ensure Pennsylvania is competitive for the trucking industry. This means ensuring that we have the resources to maintain a transportation infrastructure that is second to none as well as an economic climate that encourages businesses to thrive in the commonwealth.

¹ <https://truckingresearch.org/2021/03/new-research-documents-the-realities-of-a-national-vehicle-miles-traveled-tax/>

² <https://www.thetrucker.com/trucking-news/the-nation/atri-report-calls-possible-vmt-tax-costly-and-complicated-trucking-associations-weigh-in>

³ <https://www.edmunds.com/electric-car/articles/how-many-electric-cars-in-us.html>