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UPS Opposition Testimony  
Pennsylvania Senate Transportation Committee Hearing  
January 25, 2021  
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Chairman, Pennsylvania Motor Truck Association (PMTA)

I submit this testimony on behalf of the 24,000 UPS employees based in the Commonwealth.

It is important to start by saying that UPS applauds the committee for focusing on improving the road and bridge infrastructure throughout the Commonwealth.

The roads and bridges are the daily work place for UPS employees as they provide services that drive commerce throughout Pennsylvania and the surrounding areas.

UPS opposes the proposed Public Private Partnership and toll programs and urges the committee to consider alternate funding mechanisms that are more equitable, and provide a steady, reliable stream of funding.

Tolling is the least efficient and most detrimental way to try and raise revenue and collect funds for infrastructure investments.

Tolling facilities are expensive to build, maintain, operate and enforce. On major toll roads, toll collection administrative costs can exceed 30% of revenue collected from the toll. Fuel taxes such as the state gas and diesel tax, which cost approximately 2% to administer, are much more efficient, and there are no additional collection costs associated with collection of those fees. Every year UPS drives more than 184 million miles on Pennsylvania roads. Through the International Fuel Tax Agreement (IFTA) UPS pays fuel taxes for every mile we travel regardless of where we purchased the fuel. UPS also paid more than \$15 million in tolls on Pennsylvania roads last year.

Understanding the critical need to fix the bridges, the trucking industry stepped up several years ago during ACT 89 and accepted the highest gas and diesel tax rate in the country. This added considerable expense to our industry with very little being done to improve the infrastructure or add additional efficiencies or freight corridors to the network. The increased expense came with little to no benefit to the users who rely on it the most. The only benefit we saw was the lifting of bridge restrictions that the PennDOT put in place to force the discussion on infrastructure funding. Those restrictions were

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detrimental to our industry and many of the members of the Pennsylvania Motor Truck Association (PMTA). In some cases, those bridge restrictions prevented local trucking companies from having access to their own depots. This was very unpopular with many of our member companies but as an industry we have said that we are willing to pay for the roads we use each day to keep them in good repair and we put our money behind those words. Unfortunately, only a percentage of the funds we pay into the transportation trust fund goes back into the roads. A large percentage of those funds are diverted to other areas such as State Police, Public Transportation systems, and administrative costs.

If you proceed with a tolling plan, it will take several years and millions to build the tolling gantries. All of those funds could be dedicated immediately and directly to the roads and bridges instead with immediate payback to the system.

Pennsylvania's transportation and logistics industry is one of the fastest growing industries in the Commonwealth. UPS is investing more than \$1 billion in new facilities that will add thousands of new jobs while also expanding several existing facilities. Placing new tolls on existing bridges will increase the cost to move goods throughout the supply chain, hurting Pennsylvania's economic competitiveness and consumers. As the "Keystone State" Pennsylvania plays an important role in the nation's transportation network and many businesses rely on the economic activity from the industry. Many trucking companies will look for alternate routes to avoid the tolls. We saw firsthand the impact toll increases have as the Turnpike continues to raise toll rates and ridership finally started to decline even prior to the COVID pandemic. Fewer trucks passing through Pennsylvania will negatively impact communities and businesses that rely on the unhindered flow of people and goods. Only the local trucks who have no choice but to use our roads will be the ones forced to pay the tolls.

Tolling an existing piece of infrastructure forces motorists to pay two taxes for the same road: a gas tax and a "toll tax." Dedicated gas tax revenue is the current mechanism for funding road and bridge maintenance and construction, and has worked for decades with proven success.

There are many creative solutions to consider to fund transportation challenges, but tolling is the least efficient and most detrimental. UPS urges you to explore alternate plans and use the transportation funds for their intended purposes without diverting those funds.

The deterioration of the bridges was not caused by the cars and trucks that drive these roads today. This is the result of neglect by the Commonwealth to use the funds they received to do maintenance and repairs over the years. Good preventative maintenance

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that includes regular inspection and maintenance are the basic responsibility of the state and the expectation of the tax payers who pay for the roads through their gas tax, registration and other fees that are supposed to be dedicated to the road fund.

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