Testimony of Rebecca K. Oyler

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Before

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Good morning, Chairman Hennessey, Chairman Carroll, and members of the Transportation Committee. We appreciate the opportunity to testify today on the impact of bridge tolling on the trucking industry in Pennsylvania. I am Rebecca Oyler, President & CEO of the Pennsylvania Motor Truck Association (PMTA). We represent an industry comprised of 37,440 trucking companies in the commonwealth, the majority of which are small businesses operating fewer than six trucks.

The trucking industry employs more than 320,000 hardworking men and women in Pennsylvania. One in every 16 workers is employed directly in transportation, and countless other jobs are indirectly related. Our industry is critical to many others; manufacturing, agriculture, warehousing, supply chains, and essential consumer goods distribution depend on trucking in every corner of the state. When COVID-19 shut down most of our country, truck drivers kept our economy moving and continue to do so every single day.

We appreciate you providing PMTA a voice in this discussion, as our organization was not consulted prior to the PennDOT P3 Board announcing its plan to toll interstate bridges in November. We have had conversations with PennDOT more recently, but still believe it is of critical importance to emphasize how tolling – even a single bridge – will harm our industry.

The trucking industry is already one of the most highly regulated in the country. It is also one of the most difficult to stay profitable in due to constantly increasing costs. Our testimony is focused on the dynamics that already hamper the competitiveness of Pennsylvania trucking companies and the impact that bridge tolling will have on them.

I am happy to be joined today by the Chairman of PMTA's Board of Directors, Mark Giuffre, who will also testify, along with my predecessor, Joe Butzer. Joe operated several trucking companies in Lancaster County, and I will draw on Joe's extensive first-hand experience as an illustration of the industry's struggles, which tolling will only exacerbate.

First, I would like to point out that the trucking industry is fully supportive of well-funded transportation infrastructure. Roads are our workplaces, and our companies rely on highways being safe and efficient.

However, the industry already pays a large portion of the bill, and this burden is affecting the competitiveness of Pennsylvania companies even now. According to the American

Transportation Research Institute (ATRI), **the trucking industry pays almost 40% of transportation taxes in Pennsylvania, while operating only 9% of the vehicle miles**.

In fact, **taxes and fees make Pennsylvania the third most expensive state in the country in which to operate a truck.** This is due in large part to the transportation funding package known as Act 89 of 2013, which increased operating costs for trucks significantly. For the sake of the promised infrastructure improvements, PMTA supported the act only after PennDOT began to force the issue by weight restricting bridges throughout the Commonwealth.

Act 89 increased Pennsylvania's fuel tax to the highest in the nation at the time. Today, it is the second highest fuel tax in the country, having been bested only by California. Federal and state taxes on diesel fuel are almost $1 per gallon here. The act also increased registration fees on trucks, further squeezing the industry. Today, a tractor trailer costs $689 more to license than it did in 2012. Between fuel and registration costs, operating a single tractor trailer in Pennsylvania today is over $7,400 more than it was in 2012.

And that is just one truck. Many companies have fleets, from two to several hundred trucks, which increase these costs exponentially. A single PMTA member who operates six tractor trailers in their business is now paying $45,000 more a year, a crippling increase for a business that already operates on a razor thin margin. Most trucking companies' profit margins are between one and three percent, leaving little room to absorb extra costs.

Now imagine if this PMTA member company is located near one of the bridges proposed to be tolled. PennDOT anticipates that tolls for passenger vehicles will be around one to two dollars, with tracker trailers about five times that. A $10 toll for our member business' six trucks, which may need to cross the bridge twice a day, will add over $31,000 a year to its operating costs.

To illustrate the impact of tolling, I would point to Joe's former trucking company. In 2008 Joe's company spent $103,716 on tolls for 20 trucks. By 2015, tolling costs had risen to $136,265, a 30% increase in just seven years, making it difficult for the business to stay profitable, despite his company's policy to avoid toll roads whenever possible.

Joe's company operated just like many other trucking companies. His company had relationships with local businesses, including a manufacturer that depended on his drivers to haul their products from Pennsylvania to elsewhere in the country. After delivering its products, an empty truck needed a load to return. No trucking company can afford to run its trucks empty. To find a load to return to Pennsylvania, Joe would use either shipping brokers or load boards. A load board is an Internet site with available shipments to pick up. The goal was to find a destination close to the truck's delivery location and ending near home in Lancaster County.

A return load acquired from a load board or broker has a fixed price to ship to its destination. Truckers are told what time to pick up the load and what time to deliver it, and the price is not negotiable. Let us assume that, after Joe's truck delivered its goods, he found a load for his empty truck that paid him $500 to pick up and deliver. Joe's truck had to take the job or leave it because another trucking company, maybe one from a state with lower operating costs, would pick it up if he did not. Because the cost was fixed, he **could not recoup tolls or fuel surcharges.**

In Joe's case, if his return load had a 1% margin, his profit would be only $5 for this leg of the shipment. If the truck had to cross even one tolled bridge on the way back at $10, the company would have lost money on the trip that could not be recovered.

Making matters worse, shippers often reduce payment if delivery is late. Delays for congestion, winter weather closures, or even diversions around tolls create real problems that put truckers even further in the red.

Joe also managed a full-service truck rental and leasing company with just under 200 trucks, as well as a storage trailer company with 450 trailers and containers. Unfortunately, both of Joe's trucking companies were forced to close, and he sold his trailer business in recent years due to the increasing costs in our state and industry. The impact of rising toll costs, along with fuel tax increases brought about by Act 89, were the largest contributing factors to shuttering Joe's businesses. Tragically, when Joe's company closed, his 45 employees also lost their livelihoods, and the local businesses that depended on him had to find trucking services elsewhere, likely from out-of-state providers, whose costs were lower.

These same dynamics are at play for every Pennsylvania trucking company now as they face ever-increasing costs and falling profit margins. Bridge tolling may be the final straw for those that are just managing now.

Let us look at a specific example of how bridge tolling will put a Pennsylvania trucking company at irreparable disadvantage, using the I-83 South Bridge as an example. Imagine a beverage manufacturer off I-83 in Etters shipping its product to a distributer to Philadelphia. A Harrisburg-based trucking company wants the contract, but it is competing against a Maryland trucking company on I-83 for the same load. The Maryland trucking company has a price advantage because its trucks have no toll bridges to cross to pick up and deliver the shipment, whereas the Pennsylvania trucker would have to pay the toll in both directions, putting each truck at a $20 disadvantage and likely losing the company the contract. When the Pennsylvania-based trucking company loses the job, the state loses the wages and other taxes paid by the business and its employees, all because of a single toll on a single bridge. Multiply this scenario across nine bridges and thousands of companies, and the impact of bridge tolling is clear.

For these reasons, we believe that PennDOT's P3 Bridge Tolling strategy is the wrong approach to funding highways and keeping Pennsylvania's infrastructure sound. **This proposal will further contribute to making Pennsylvania's trucking industry uncompetitive and set it up for failure. Worse, it will create winners and losers, depending on which side of the bridge a business is located.**

A review of PennDOT's 2019 annual report reveals that, of its $10 billion budget, only 48.5% is spent on highway and bridge maintenance and improvements. The remainder goes to mass transit, State Police, multi-modal, debt service, bike paths, and other priorities. Most Pennsylvanians would likely be surprised to learn that less than half of the taxes and fees they pay for transportation is focused on roads and bridges. Truckers pay a large percentage of these taxes and fees, and we are disappointed that much of it is diverted away from the highways on which we depend.

We often hear that Pennsylvania has over 40,000 miles of roadway, more miles of roadway than New York and New England combined. However, a closer examination reveals that this is misleading. According to the Federal Highway Administration, Pennsylvania has 249,302 ***lane miles*** of roadway. This makes our state more comparable to Ohio, which has 262,492 lane miles**.** But PennDOT's budget cost per lane mile is higher at $20,340, while Ohio's is $19,200. Michigan spends $18,317 per lane mile, and even Illinois comes in lower at $16,957 per lane mile, even though Illinois has over 1,000 more bridges than Pennsylvania.

We do not have a transportation funding problem in Pennsylvania; we have a funding diversion issue that must be addressed. This conversation should start with the PA Turnpike, which is now the most expensive toll road in the world because of its diversion of funds to mass transit. Motorists who wish to avoid the Turnpike's exorbitant tolls find other routes, further stressing these roadways and increasing congestion elsewhere. Should interstate bridge tolling take effect, traffic will be pushed to local roads in the same way.

We are hopeful that the newly formed Transportation Revenue Options Committee (TROC), of which I am a member, will begin to find solutions to address Pennsylvania's transportation funding problems without tolling bridges.

Legislators should also review the state's P3 process, as established by Act 88 of 2012, to ensure that sufficient public and legislative consideration is given to tolling initiatives. **Call it a user fee or a toll, bridge tolling is in fact a tax.** But unlike fuel taxes, should this initiative succeed, the tax will have been enacted not by a vote of our elected officials, but by a decision made by the seven-member P3 Board.

For the trucking industry, tolling is a tax that cannot be passed on to customers. It further cuts into already thin profit margins and jeopardizes the viability of this critical industry in our state. Pennsylvania's trucking companies are integral to the state's economy. Making them even less competitive will impact all the industries that depend on them, with ripple effects across regional economies and the state at large.

Trucking delivers America. The industry has gone above and beyond in one of the most trying years in our nation's history. As we move toward recovery and examine long-term options for transportation funding, we look forward to participating in the conversation about more fair and equitable solutions.

Thank you for your time. We will be happy to answer any questions.