



January 11, 2023

The Honorable Joe Pittman
Republican Leader
Senate of Pennsylvania
Senate Box 203041
Harrisburg, PA 17120-3041

The Honorable Jay Costa
Democratic Leader
Senate of Pennsylvania
Senate Box 203043
Harrisburg, PA 17120-3043

RE: **Senate Bill 35 -- Stopping the Automatic Gas Tax Increase**

Dear Senate Leaders:

On behalf of the Pennsylvania Motor Truck Association (PMTA), I am writing in **support of Senate Bill 35**, which was reported from the Senate Transportation Committee on January 9, 2023.

Senate Bill 35 (Langerholc-R) amends Title 75 (Vehicles), in liquid fuels and fuels tax, further providing for definitions. Specifically, this legislation stops the automatic gas tax increase, and statutorily sets the average wholesale price at \$2.99 per gallon in perpetuity.

Act 89 of 2013 eliminated the flat gas tax (\$0.12 per gallon) and removed the artificial cap on the Oil Company Franchise Tax. Therefore, the Pennsylvania Department of Revenue must annually assess the gas tax (\$0.58 per gallon for gas and \$0.74 per gallon for diesel) according to the average wholesale price of gas, which is statutorily set at the floor of \$2.99 per gallon.

In 2022, the annual tax assessment for motor fuels was \$1.92 per gallon; however, the annual tax assessment for 2023 will exceed \$2.99 per gallon. This results in an automatic increase of up to \$0.05 per gallon throughout 2023. This is the first time in 10 years that we will see gas and diesel tax increases, which will place Pennsylvania with the 2nd highest gas and diesel taxes in the nation following California.

Earlier this year, the American Trucking Research Institute released its annual Top 10 Issues in Trucking list. After not being ranked in the top 10 at all in 2021, fuel prices top the list in 2022 followed by the driver shortage and truck parking.¹ PMTA believes that an increase in fuel taxes will adversely affect the trucking industry, which already pays over 40% of highway taxes while only operating 9% of the miles in Pennsylvania.

It's also important to note that although wholesale prices have gone up, fuel consumption has decreased over time. According to a recent Independent Fiscal Office (IFO) Report: *Post-Pandemic Gasoline Consumption*, "Annual gasoline consumption declined 15% during the pandemic (2020 vs 2019). For 2022 (through September), consumption has partially recovered, but remains below pre-pandemic levels (-9%). **Diesel fuel consumption was also affected by the pandemic (-3%) but has now fully recovered.**"

“Gasoline taxes fund 55% of state road and bridge construction, and reduced consumption implies that Pennsylvania will have less state funds available for those critical infrastructure projects. These trends also impact the amount of matching funds available to leverage federal funding. Over the next five years, Pennsylvania is projected to receive \$4 billion in federal matching funds for road and bridge construction.”ⁱⁱ

Since trucks are not the reason for the most recent decline in Motor License Fund collections – our industry should not be unduly burdened by an automatic increase in the diesel tax at a time when inflation is high and profit margins are razor thin.

This is another example of why we need to reduce the transfers from the Motor License Fund (MLF) to the Pennsylvania State Police (PSP) and look at other funding proposals that will augment the gas tax to make sure that everyone is paying their fair share for funding the commonwealth's vast network of roads and bridges.

Therefore, PMTA respectfully requests your support and consideration of this legislation.

If you should have any questions or need any additional information, please do not hesitate to contact me.

Sincerely,



Rebecca Oyler
President & CEO
Pennsylvania Motor Truck Association
royler@pmta.org

BCC: Senate of Pennsylvania

ⁱ ATRI: Top 10 Issues in Pennsylvania Trucking

<https://www.pmta.org/news/13009427>

ⁱⁱ “Post-Pandemic Gasoline Consumption,” January 2023, Independent Fiscal Office

<http://www.ifo.state.pa.us/releases/617/Post-Pandemic-Gasoline-Consumption/>