

Panel to recommend Pa. move to mileage-based user fee as gas tax replacement to fund transportation needs

Updated: Jul. 30, 2021, 3:27 p.m. | Published: Jul. 28, 2021, 5:05 p.m.

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A mileage-based user fee, package delivery fee and a toll to use limited-access lanes are among the new revenue options a governor-appointed panel is suggesting to meet Pennsylvania's transportation funding needs going forward.

No doubt the ideas the Transportation Revenue Options Commission (TROC) came up with will spark lively debate within the General Assembly but in the eyes of state Transportation Secretary Yassmin Gramian, who chaired the commission, they are 21st century solutions to help close a \$9.25 billion a year funding gap that grows wider by the year.

The 49-member commission met virtually on Wednesday to do a walk-through of a final draft of their report due to Gov. Tom Wolf by Sunday.

Wolf charged the commission to come up with ideas to phase out the state's gas tax – around 53 cents a gallon, the second-highest in the nation. PennDOT relies on that tax to fund 78% of its revenue needs, far more by percentage than neighboring states.

Graphic from PennDOT shows percentage reliance on gas tax for transportation revenue. Ohio is on the higher end, with gas taxes providing 52% of revenues.

Pennsylvania relies on the gas tax far more than surrounding states do to meet its transportation funding needs. Graphic provided by PennDOT

With people driving less during the pandemic and some driving more fuel-efficient cars or electric vehicles, PennDOT officials say this tax no longer is able to generate the money that is needed to keep the state's transportation network in good repair.

Making that even more challenging is the cost of materials needed for transportation projects is continually rising, driving the need for immediate action on addressing the PennDOT's funding gap, said Chuck Zimmerman, PennDOT's director of fiscal management.

With that in mind, the commission proposed phasing in over five years, an 8.1-cent-per-mile user fee, doubling the state's vehicle registration fee, a higher sales tax on vehicle purchases, an electric car fee, and among others, a goods delivery fee – under consideration in Denver and New York City – to take advantage of the public's shift to buying products online and having them delivered to their home by trucks that put stress on roads and bridges.

Coronavirus update from Pa. Gov. Tom Wolf

PennDOT Secretary Yassmin Gramian described the transportation revenue options that a gubernatorial-appointed panel came up with to replace the gas tax as 21st Century solutions to help close a \$9.25 billion a year funding gap that grows wider by the year. March 12, 2020. File/Joe Hermitt | jhermitt@pennlive.com

Gramian called on the commission members to continue the conversation in advancing their recommendations with the "same vigor and passion" as they exhibited in developing them. That includes engaging with the public, transportation interest groups, and lawmakers over the next six months to fine-tune them.

"We need to adhere to a six-month timeline for acting on TROC's proposal," she said. "It should commence at the time of the governor's budget presentation in February 2022 with the goal of acting on it by July 1, 2022."

She referred to the report as a starting point for conversations, but it's clear from the discussion during the commission's meeting that those conversations will begin with some hesitation and even resistance from some of its members.

Rep. Tim Hennessey, R-Chester County, said conservative lawmakers are going to want to see how PennDOT has looked inward at cutting out waste before they are willing to consider any kind of a tax or fee increase on motorists.

Rebecca Oyler of the Pennsylvania Motor Truck Association said the trucking industry would oppose the proposed doubling of vehicle registration fees, which will make the commonwealth have the second-highest truck registration fee in the nation.

"This will absolutely cause interstate trucking companies to register their trucks elsewhere and in-state trucking companies, the vast majority which are small businesses, will deal with drastic cost increases," she said. "Those cost increases are going to have real impacts on businesses and jobs."

Gene Barr, president and CEO of the Pennsylvania Chamber of Business and Industry, told The Associated Press that the business-to-business taxes or fees being contemplated in the commission's report could hurt the state's economy and start-up businesses.

Others pointed out there are other transportation funding ideas being considered by the General Assembly as well as in Congress that could alter how much new revenue might be needed.

Leeann Sherman from the American Council of Engineering Companies of Pennsylvania said she hopes the report, with a push from commission members, pushes policymakers to arrive at a final solution to Pennsylvania's transportation funding needs.

"We can't please everyone so there's going to be some things that aren't easy to do, but those hard conversations are going to need to come from the leadership as well as the support from us," she said.

Mark Compton, CEO of the Pennsylvania Turnpike, said the key to achieving major sea changes such as a mileage-based user fee in the General Assembly is to keep the conversation alive about the new transportation funding themes raised in the report.

"So our job, as I see it, is to make sure that we continue to make transportation a number one priority," Compton said. He said commission members should focus on the themes in those conversations and "let those that have to vote and those that have to sign the bill determine the levels [of fees and taxes] "

Gramian closed out the commission's final meeting by committing to work with the governor's office, legislative leaders and stakeholders to advance the options in the report.

"The next few months will be a time that calls for a unity of purpose," she said. "As transportation leaders, we are called to join together to solve this problem and solve it well."

<https://www.pennlive.com/news/2021/07/panel-to-recommend-pa-move-to-mileage-based-user-fee-as-gas-tax-replacement-to-fund-transportation-needs.html>

SB 8 Article #2

Proposal to end Pennsylvania gas tax could cost you more

WGALUpdated: 10:08 AM EST Feb 14, 2022

Brian Roche/Anchor

There are new proposals to reduce or eliminate Pennsylvania's gas tax, which is one of the highest in the nation. But these alternatives could cost you more money.

As our 8 On Your Side investigation has shown, gas tax revenue and motor license fees bring in about \$4.5 billion, but only \$2.7 billion is going to roads and bridges.

The rest of the money goes to the Pennsylvania State Police, Driver & Vehicle Services and the Pennsylvania Turnpike, not toward maintaining roads and bridges.

Even if all the gas tax revenue went to roads and bridges, PennDOT said it would still not be enough.

"We continue to try to be more efficient in everything we do, but you can't efficient your way out of an \$8 billion shortfall," PennDOT acting Executive Deputy Secretary Melissa Batula said.

That's right – \$8 billion. That's how much more PennDOT said it needs each year to properly maintain roads and 25,000 state bridges.

New funding proposals

Last year, the state's Transportation Revenue Options Commission offered six new possible funding sources to phase out the gas tax, including tolls on certain roads and bridges, package delivery fees and increased registration fees.

But getting the most attention is a tax on how many miles you drive. The tax could triple what you're already paying.

For example, if your vehicle gets 20 miles per gallon and you're driving 12,000 miles a year, you'll buy about 600 gallons of gas and pay \$352 a year.

Using the same numbers for miles per gallon, miles traveled and gallons purchased and adding the vehicle miles traveled tax – or VMT – at the proposed rate of 8.1 cents per mile, you'll pay \$972.

A VMT is still at least five to 10 years away, but the gas tax as it stands is not considered sustainable.

Gas tax revenue has been dropping steadily. As more hybrids and electric vehicles hit the roads, drivers are buying less gas.

"They're driving and they're certainly getting the fuel savings that certainly they should. But they're also not contributing to the roadway system because they're not paying that piece of the gas tax," Batula said.

"We have a tax right now that's based on the consumption of fossil fuels – gasoline or diesel fuel – and then we have an energy policy, and sort of an economy, a market for vehicles that are going to be powered by something else," said Bob Latham, with Associated Pennsylvania Constructors.

Currently, the state police receive \$673 million from the Motor License Fund and the gas tax.

In his budget address Tuesday, Gov. Tom Wolf proposed moving \$141 million from the General Fund to the state police to reduce reliance on the gas tax.

[Option to end Pennsylvania gas tax could cost you more \(wgal.com\)](http://wgal.com)